CONFIDENTIAL

Proof of October 12, 1956

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act.

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of the Debentures or Shares referred to herein for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

$3,500,000

Fruehauf Trailer Company of Canada Limited

(Incorporated under the laws of Canada)

5¼% Sinking Fund Debentures, Series A

carrying stock purchase warrants

To be dated November 1, 1956 | To mature November 1, 1976

Principal and half-yearly interest (May 1 and November 1) and redemption premium, if any, are to be payable in lawful money of Canada at the holder's option at any branch in Canada (Yukon Territory excepted) of the Company's bankers. Series A Debentures are to be issued as coupon Debentures in denominations of $1,000 and $10,000 registerable as to principal only.

The Series A Debentures will be redeemable otherwise than out of sinking fund moneys at the option of the Company, in whole at any time or in part from time to time on not less than 30 days' notice, at the principal amount thereof plus a premium of 5% of such principal amount if redeemed on or before November 1, 1957, such premium thereafter decreasing by ¼ of 1% for each year commenced or elapsed from November 1, 1957 to the date specified for redemption up to and including November 1, 1975, and thereafter and prior to maturity at the principal amount thereof, together in each case with accrued interest to the date specified for redemption.

The Series A Debentures are to be redeemable out of sinking fund moneys at the principal amount thereof plus a premium equal to one-half the premium applicable from time to time on redemption of Debentures at the option of the Company, together in each case with accrued interest to the date specified for redemption.

Sinking Fund

The Company will covenant to establish a sinking fund to provide for the retirement of $150,000 principal amount of 5¼% Sinking Fund Debentures, Series A (herein sometimes referred to as the "Series A Debentures") on or before November 1 in each of the years 1958 to 1975 inclusive. Such sinking fund will provide for the retirement prior to maturity of over 75% of the total principal amount of Series A Debentures to be outstanding. The manner in which such sinking fund is to operate is more fully described under the heading "Sinking Fund" on page 6 of this prospectus.

Stock Purchase Warrants

Series A Debentures, when originally issued in definitive form, will carry in respect of each $1,000 principal amount thereof a stock purchase warrant entitling the bearer thereof to purchase 25 Shares without nominal or par value in the capital stock of the Company, as presently constituted, at any time after the issuance of such warrant and up to 4 o'clock p.m. Toronto time on November 1, 1966, at the following prices:

$10.00 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1961; thereafter

$12.50 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1966.

The stock purchase warrants will be void after 4 o'clock p.m. Toronto time on November 1, 1966. The trust indenture providing for the issue of such stock purchase warrants will contain provisions for adjustment in the number of shares issuable pursuant to the privileges attaching to such warrants in certain events, including any consolidation, subdivision or reclassification of, or any stock dividend being paid on, the Shares of the Company. Further particulars relating to the stock purchase warrants are set forth on page 6 of this prospectus under the heading "Stock Purchase Warrants".

Trustee: National Trust Company, Limited

We, as principals, offer these Series A Debentures subject to prior sale and change in price, if, as and when issued and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Tory, Miller, Thomson, Hicks, Arnold & Sedgewick, Toronto, Ontario and on behalf of the Company by Messrs. Borden, Elliot, Kelley, Palmer & Sankey, Toronto, Ontario.

Price: 100 and accrued interest to yield 5¼%

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that the Series A Debentures in interim form will be ready for delivery on or about November 1, 1956. Such interim Debentures will be exchangeable for Series A Debentures in definitive form when available together with the stock purchase warrants appertaining thereto.

CONFIDENTIAL

Proof of October 12, 1956

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NEW ISSUE

100,000 Shares

Fruehauf Trailer Company of Canada Limited

(Incorporated under the laws of Canada)

Shares without Nominal or Par Value

Transfer Agent and Registrar:
National Trust Company, Limited, Toronto and Montreal

Application for the listing on The Toronto Stock Exchange of the Shares without nominal or par value in the capital stock of the Company to be outstanding has been approved, subject to the filing of documents and evidence of satisfactory distribution.

We, as principals, offer these 100,000 Shares without nominal or par value in the capital stock of Fruehauf Trailer Company of Canada Limited, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Tory, Miller, Thomson, Hicks, Arnold & Sedgewick, Toronto, Ontario and on behalf of the Company by Messrs. Borden, Elliot, Kelley, Palmer & Sankey, Toronto, Ontario.

Price: $8.50 per Share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that definitive Share certificates will be ready for delivery on or about November 1, 1956.

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

Weston, Ontario
October 12, 1956.

McLeod, Young, Weir & Company Limited,
50 King Street West,
Toronto, Ontario.

Dear Sirs:

In connection with your purchase of $3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A, due November 1, 1976, carrying stock purchase warrants, and 100,000 Shares of Fruehauf Trailer Company of Canada Limited (herein sometimes referred to as the "Company") I am pleased to submit the following information regarding the business and affairs of the Company:

The Company

Fruehauf Trailer Company of Canada Limited, incorporated under the laws of Canada in 1928 as a private company, is engaged in the manufacture, sale and distribution in Canada of truck-trailers, truck bodies and accessories for such products, the sale of service parts and the servicing of truck and trailer equipment. To date the Company has operated as a wholly-owned subsidiary of Fruehauf Trailer Company (herein sometimes referred to as the "parent company") a company incorporated under the laws of the state of Michigan, U.S.A. and the largest manufacturer of truck-trailers in the world, with total sales reaching a record high level of $234,611,908 for the fiscal year ended December 31, 1955.

In view of the rapid growth of sales in Canada of the Company's products and the necessity for enlarging productive capacity if present and anticipated future demands are to be met, it was decided to (1) convert the Company from a private to a public company, (2) subdivide and increase the Company's authorized capital, (3) undertake a programme of plant expansion, and (4) form a new company, Trailer Acceptance Company Limited (herein sometimes referred to as the "acceptance company") to take over and carry on the Company's instalment sales financing business. In furtherance of the above, Supplementary Letters Patent dated September 17, 1956 have been obtained (1) converting the Company from a private to a public company, and (2) subdividing and increasing its authorized capital so that it presently consists of 2,000,000 shares without nominal or par value (herein referred to as the "Shares") and the Company proposes to obtain additional funds through the public sale of its Series A Debentures and of 100,000 Shares. In addition, the parent company has increased and is further increasing its capital investment in the Company.

As at December 31, 1955, the parent company's investment in the Company amounted to $3,095,879, of which $1,500,000 represented paid in capital and $1,595,879 accumulated earned surplus. On March 26, 1956, the parent company increased its investment in the Company by subscribing and paying for $500,000 of additional capital stock of the Company. To provide the Company with funds to supply the initial capital of Trailer Acceptance Company Limited, the parent company further subscribed and paid for $1,500,000 of capital stock of the Company. As a result of these transactions and the accumulation of undistributed profits from December 31, 1955 to August 31, 1956, the parent company's investment in the Company as at August 31, 1956 amounted to $5,471,698 of which $3,500,000 represented paid in capital and $1,971,698 accumulated earned surplus.

Concurrently with the proposed public sale by the Company of its Series A Debentures and 100,000 Shares, the parent company, pursuant to an agreement referred to in the next following paragraph will purchase for cash at $8.50 per share, 100,000 Shares in the capital stock of the Company. Upon completion of this purchase, the parent company will have invested $4,350,000 in 800,000 shares of the capital stock of Fruehauf Trailer Company of Canada Limited and as at August 31, 1956, after giving effect to the proposed public financing, its interest in the shareholders' investment in the Company will amount to $6,263,731.

The parent company has entered into an agreement with the Company dated September 14, 1956 which, in addition to the purchase of shares as above-mentioned, also provides that, so long as any of the Series A Debentures are outstanding, the parent company will not cause the name "Fruehauf" to be removed from the corporate name of the Company and that the parent company will continue to supply to the Company, at reasonable charges, management, technical and other services and, on a best-efforts basis, parts and other products.

Operations

Fruehauf Trailer Company of Canada Limited is the largest manufacturer and distributor of truck-trailers and truck bodies in Canada, with sales of its products reaching an all-time high of $11,040,456 in the fiscal year ended December 31, 1955.

Manufacturing and assembly operations are carried on at a modern well-equipped plant located at Weston, Ontario on the outskirts of Metropolitan Toronto. This plant, situated on approximately seven acres of land and containing approximately 110,000 square feet of floor space, is held under a long-term lease (containing an option to purchase) which is guaranteed by the parent company. The plant at present has six production lines and productive capacity is approximately 150 trailers per month depending on type and model. Using basic designs and specifications supplied by its parent company, as adapted and modified by its own engineering staff to meet requirements of the Canadian trucking industry, the Company produces approximately 50 different types of truck-trailers having various body and chassis specifications and varying load capacities. The more important types produced include van, refrigerator, stake and rack, platform, wet and dry bulk tank carriers, pole, cable dump and heavy-duty flat deck (carry-all) trailers. The Company does not manufacture nor does it propose to manufacture house trailers.

The Company's products are widely used by the Canadian trucking industry and private operators in the transport of perishable food products and a wide range of industrial commodities and raw materials in bulk and packaged form. Many specialized types of trailers have been developed. These include the "volume van" with maximum cubic content for freight haulage, refrigerator vans for perishable commodities and heavy-duty flat deck trailers and various types of dump bodies for trucks and trailers for the movement of construction equipment and materials. In addition, many types of tank trailers have been developed for bulk transportation of wet and dry commodities including gasoline and oils, milk, flour, cement, chemicals, propane and butane, malt and printing inks. The development and widespread use of

these specialized types of trailers has been brought about by increasing demands of producers, manufacturers and distributors for lower distributing costs.

Sales and distribution of the Company's products in Canada are made primarily by direct sales to the consumer who may be either a common carrier, a contract carrier or a private or vocational carrier. Sales and service branches are maintained at Montreal, Toronto (Swansea), Calgary and Edmonton, and products are also sold through distributors located in Saint John and Port Arthur. The property occupied by the Calgary branch is held under a short-term lease and the properties occupied by the Montreal, Toronto and Edmonton branches are held under long-term leases (containing options to purchase) which are guaranteed by the parent company.

An important and profitable part of the Company's business is the service and repair of trailers produced both by the Company and other manufacturers. All sales and service branches are equipped with modern machinery and repair facilities to enable the Company to offer fast and efficient repair service to motor transport operators. As a result of the expanding demand for the Company's products and in order to provide superior service for the increasing number of truck and trailer units on the road, the Company is acquiring larger quarters for its sales and service branches in the Toronto and Montreal areas. These new quarters will be located in premises to be obtained under sale-leaseback arrangements and when such new quarters are ready for occupancy the Company will dispose of present branch quarters in such areas.

In addition to its sales and service branches, the Company maintains sales offices in such strategic commercial transportation centres as Hamilton, London, Windsor, Winnipeg, Regina and Vancouver.

Approximately 700 persons are employed by the Company, including an engineering staff of 14, a selling, administrative and general office staff of 46 and a staff of 244 at its service branches.

New Plant

To provide the additional plant capacity required to meet present and anticipated future demand in Canada for trailers and truck bodies, the Company acquired in 1955 a 71-acre site in the Applewood Acres subdivision on the western outskirts of Metropolitan Toronto on which it proposes to construct a modern manufacturing and assembly plant. The new plant will have approximately 211,000 square feet of floor space and will employ the latest machine tools, material handling equipment, automatic welding units and metal fabricating equipment required for the manufacture of the Company's products. The estimated cost of constructing the plant is $2,000,000 and the estimated cost of providing new equipment is $1,000,000. It is expected that the new plant will be constructed, equipped and ready to commence operations by the fall of 1957.

It is planned to transfer to the new plant, when completed and ready for operation, the manufacturing and assembly of the van, refrigerator, stake and rack, platform and pole types of trailers and truck bodies presently handled by the Weston plant. Operations at the Weston plant will then be devoted to the manufacture and assembly of the tank and dump type of trailers and truck bodies and carry-all trailers. The additional manufacturing and assembly facilities to be provided in the new plant also will enable the Company to manufacture and assemble aluminum and stainless steel type trailers which the Company now imports from the parent company in the United States.

A six acre section of the new plant site is being set aside to accommodate the facilities of the Company's Toronto sales and service branch.

Trailer Acceptance Company Limited

In July, 1956, the Company formed Trailer Acceptance Company Limited as a wholly-owned subsidiary to take over the instalment sales financing business previously carried on by the Company as an adjunct to its main operations. The acceptance company was incorporated under the laws of Canada as a private company with an authorized capital of 500,000 shares without nominal or par value of which 150,000 shares were issued to the Company for a cash consideration of $1,500,000. Trailer Acceptance Company Limited commenced operations on August 8, 1956 and purchases from the Company instalment paper received in connection with sales of trailers on an instalment purchase basis. As at August 31, 1956, instalment equipment notes receivable outstanding on the books of the acceptance company, less unearned finance charges of $835,615 and after allowance of $20,000 for doubtful notes, amounted to $5,758,953.

Approximately 50% of the Company's trailer sales are made under time payment contracts. Repayment is usually in monthly instalments over a 3-year period in the case of new trailers and over a 2-year period in the case of used trailers, with down payments in each case, whether by cash and/or trade-ins, amounting in the majority of contracts underwritten to 20% of the sales price. Security for payments under such contracts is provided by the covenant of the buyer to make such payments and by retention of title to the products sold.

The acceptance company finances the purchase of instalment paper out of its own resources and by borrowings.

A balance sheet of Trailer Acceptance Company Limited as at August 31, 1956, together with the auditor's report thereon, appears on page 10 of this prospectus, to which reference is hereby expressly made. The acceptance company commenced operations on August 8, 1956 and net earnings for the period from commencement of operations to August 31, 1956, amounting to $2,193, are accounted for in the said balance sheet.

Purpose of Issues

The net proceeds of the sale of the $3,500,000 principal amount of Series A Debentures and the 100,000 Shares to be offered publicly, together with the proceeds of the sale concurrently of an additional 100,000 Shares to the parent company as referred to above in the section headed "The Company", will be used (a) to defray the capital costs, estimated at approximately $3,000,000, to be incurred in constructing and equipping the Company's proposed new plant, (b) to reduce bank indebtedness which amounted to $1,063,500 at August 31, 1956, and (c) for general corporate purposes.

Capitalization

After giving effect to the issue of Supplementary Letters Patent dated September 17, 1956 and the issuance of the Series A Debentures and the 200,000 Shares referred to above under the section headed "Purpose of Issues" the capitalization of the Company will be as follows:

	Authorized	To be issued and Outstanding
Debentures	(1)	
5¼% Sinking Fund Debentures, Series A, maturing November 1, 1976, carrying stock purchase warrants		$3,500,000
Shares without nominal or par value	2,000,000 Shs. (2)	900,000 Shs.

NOTES: (1) The aggregate principal amount of Debentures which may be issued at any time in one or more series is unlimited but Debentures in addition to the $3,500,000 principal amount of Series A Debentures presently being issued may only be issued subject to the restrictions to be contained in the Trust Indenture under which such Series A Debentures will be issued, to which reference is made in the section hereunder headed "Certain Provisions of the Trust Indenture".

(2) Of which 87,500 Shares will be reserved for issuance upon the exercise of stock purchase warrants to be carried by the Series A Debentures.

Earnings

The following report with respect to the earnings of Fruehauf Trailer Company of Canada Limited for the ten year and eight month period ended August 31, 1956 has been received from the Company's auditors, George A. Touche & Co., Chartered Accountants.

Fruehauf Trailer Company of Canada Limited

Summary of Earnings

(Stated to the nearest one hundred dollars)

Year ended 31st December	Earnings from operations and miscellaneous income not including finance revenue and before depreciation, bond and other interest, and taxes on income (Note e)	Finance revenue (Note c)	Depreciation (Note a)	Bond and other interest	Balance of Earnings before Taxes on Income	Taxes on income (Note b)	Net earnings (Note d)
1946....	$ 87,600	$ 3,600	$37,900	$ 12,300	$ 41,000	$ 16,000	$ 25,000
1947....	149,600	10,300	44,000	16,500	99,400	36,200	63,200
1948....	175,400	21,000	46,900	23,200	126,300	41,500	84,800
1949....	226,900	45,000	41,000	37,600	193,300	73,800	119,500
1950....	741,500	81,400	21,700	67,100	734,100	307,800	426,300
1951....	229,500	176,000	50,900	125,600	229,000	119,700	109,300
1952....	308,700	177,900	50,200	127,500	308,900	156,900	152,000
1953....	683,400	192,200	62,600	143,500	669,500	328,800	340,700
1954....	322,400	219,700	54,000	141,000	347,100	156,900	190,200
1955....	966,600	236,200	65,400	165,000	972,400	452,200	520,200
Eight months ended 31st August 1956 (Notes c and d)	691,400	224,200	26,400	181,800	707,400	331,600	375,800

NOTES: (a) DEPRECIATION — As of 1st January 1956 the company adopted the policy of providing for depreciation at rates based on the estimated remaining useful life of the assets. For each of the ten prior fiscal years depreciation was calculated at rates in accordance with the then applicable provisions of the Income Tax Act. The provisions for depreciation reflect principally depreciation on machinery and equipment since the manufacturing plant and service branch properties are leased (See explanatory note (3) to financial statements).

(b) TAXES ON INCOME — Federal income taxes have been assessed to 1954. There are no known disallowances which would affect the provisions for subsequent periods.

(c) FINANCE REVENUE — Finance revenue included in the earnings for the eight months ended 31st August, 1956 represents finance revenue earned up to the commencement of operations of Trailer Acceptance Company Limited on 8th August 1956.

(d) EARNINGS OF WHOLLY-OWNED SUBSIDIARY COMPANY — The net earnings of Trailer Acceptance Company Limited for the period from commencement of operations on 8th August 1956 to 31st August 1956 amounting to $2,200 are reflected in the above summary of earnings.

(e) NON-RECURRING PROFITS AND LOSSES — The above summary of earnings excludes a profit of $207,800 on sale and leaseback of land and buildings in 1951, and a loss of $17,800 on disposal of equipment in 1954.

THIS IS THE SUMMARY OF EARNINGS REFERRED TO IN OUR REPORT DATED OCTOBER 11, 1956.

(Signed) GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Assets

According to the subjoined pro forma balance sheet of Fruehauf Trailer Company of Canada Limited as at August 31, 1956 (which gives effect to the transactions and proposed financing set out in note (6) thereto) as reported upon by the Company's auditors, George A. Touche & Co., Chartered Accountants, net tangible assets were as follows:

Current assets	$ 6,886,097	
Less: current liabilities	2,312,712	
Net current assets		$4,573,385
Property, plant and equipment, at cost	$ 1,366,364	
Less: Accumulated depreciation and amortization	355,561	
Net fixed assets		1,010,803
Investment in shares of wholly-owned subsidiary, Trailer Acceptance Company Limited, at equity in net assets		1,502,193
Portion of proceeds from 5¼% Sinking Fund Debentures, Series A, proposed to be used for expansion of manufacturing facilities		3,000,000
Other assets at cost		320,317
Net tangible assets		$10,406,698

On the basis of the foregoing, such net tangible assets are equivalent to approximately $2,973 for each $1,000 principal amount of Series A Debentures to be outstanding upon completion of the present financing. After deducting the $3,500,000 principal amount of Series A Debentures from the said net tangible assets, the balance thereof is equivalent to approximately $7.67 for each of the 900,000 Shares to be outstanding.

Sinking Fund

Under the Trust Indenture providing for the issuance of the Series A Debentures, the Company will covenant to establish a sinking fund to provide for the retirement of $150,000 principal amount of Series A Debentures on or before November 1 in each of the years 1958 to 1975 inclusive. Such sinking fund will provide for the retirement prior to maturity of over 75% of the total principal amount of Series A Debentures to be outstanding.

The Company is to be entitled to purchase Series A Debentures in the market or by private contract at prices not exceeding the redemption price in effect at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase. All Series A Debentures purchased or redeemed other than out of sinking fund moneys shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which, at the election of the Company, may be applied (to the extent not theretofore applied) to reduce in whole or in part the amount of its sinking fund obligations payable thereafter. The Company is to have the right to elect on or before September 15th in each of the years 1958 to 1975 inclusive to apply a specified principal amount of purchased or redeemed Series A Debentures in satisfaction in whole or in part of the sinking fund payment required to be made on or prior to November 1 of such year and the Company will be required to pay into such sinking fund on or prior to November 1 of such year the sum in cash required to retire on or before November 1 of such year a principal amount of Series A Debentures equal to $150,000 less the aggregate principal amount of purchased or redeemed Series A Debentures which the Company has elected to apply as aforesaid for such year. Such cash paid to the Trustee is to be applied in the retirement of Series A Debentures by call for redemption on or before November 1 of such year at the applicable sinking fund redemption price together with accrued interest to the date specified for redemption; provided that such call need not be made if the moneys in the sinking fund and required to be paid into the sinking fund amount to less than $10,000 and in such case such moneys may be used by the Trustee in purchasing for cancellation Series A Debentures at a price not exceeding the redemption price in effect at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase.

Stock Purchase Warrants

Series A Debentures, when originally issued in definitive form, will carry in respect of each $1,000 principal amount thereof a stock purchase warrant entitling the bearer thereof to purchase 25 Shares without nominal or par value in the capital stock of the Company, as presently constituted, at any time after the issuance of such warrant and up to 4 o'clock p.m. Toronto time on November 1, 1966, at the following prices:

$10.00 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1961; thereafter

$12.50 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1966.

The stock purchase warrants will be void after 4 o'clock p.m. Toronto time on November 1, 1966.

The stock purchase warrants will be issued under and pursuant to an indenture between the Company and National Trust Company, Limited, as Trustee, and such indenture, among other things, will contain provisions for adjustment in the number of shares issuable pursuant to the privileges attaching to such warrants in certain events, including any consolidation, subdivision or reclassification of, or any stock dividend being paid on, the Shares of the Company. In addition, the Company will covenant in the said indenture to give at least 30 days' public notice to holders of unexercised stock purchase warrants of the record date of any dividend payments or other distributions on its shares and before issuing to its shareholders pro rata rights to subscribe for additional shares, making any repayment of capital on its shares, consolidating or merging with any other company or selling or leasing (otherwise than by "sale-leasebacks") a substantial part of its undertaking.

Certain Provisions of the Trust Indenture

The \$3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A, now proposed to be issued are to be direct obligations of the Company and are to be issued under and secured by a trust indenture and a trust deed of hypothec, mortgage and charge (herein collectively referred to as the "Trust Indenture") to be dated as of October 15, 1956 and to be entered into between the Company and National Trust Company, Limited, as Trustee. The Series A Debentures are, in the opinion of Counsel, to be secured (subject to usual exceptions) by a first floating charge upon the undertaking and all property and assets of the Company (other than real property outside of Canada) owned on November 1, 1956 and will be expressed to be secured by a first floating charge on all property and assets of the Company acquired after that date; provided, however, that such first floating charge shall not prevent the Company from giving prior security to its bankers for money borrowed in the ordinary course of business, from arranging "sale-leasebacks" in respect of any property other than the Company's proposed new manufacturing and assembly plant in Applewood Acres, from giving purchase money mortgages up to 66⅔% of the purchase price of after-acquired property, or from creating or suffering to exist permitted encumbrances or minor title defects.

The Trust Indenture is to contain provisions permitting the issuance (subject as hereinafter provided) from time to time of additional Debentures (herein called "Additional Debentures") thereunder without limitation as to aggregate principal amount, which Additional Debentures will rank equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues and the principal of and premium, if any, and interest on such Additional Debentures may be payable in such currency or currencies as may be determined by the Company at the time of issue thereof.

The Trust Indenture will contain definitions among others of the following terms, "subsidiary company", "purchase money mortgages", "permitted encumbrances", "minor title defects", "sale-leasebacks", "fixed assets", "current obligations", "funded obligations", "consolidated funded obligations", "consolidated net earnings", "consolidated net current assets" and "consolidated net tangible assets." Unless the context otherwise requires, in the covenants hereinafter contained the term "subsidiary company" shall not include Trailer Acceptance Company Limited or its successors (hereinafter referred to as the "acceptance company"); "fixed assets" shall mean real and immovable property including lands and interest in lands, buildings, erections, fixtures, fixed plant, fixed machinery and fixed equipment; "purchase money mortgages" shall include mortgages and encumbrances given or assumed to secure a portion of the purchase price of after-acquired assets and also mortgages and encumbrances given to reimburse the Company for a portion of the acquisition costs of after-acquired assets if given within one year of such acquisition whether such mortgage or encumbrance is given to the vendor of such assets or to some other person; "funded obligations" shall not include leases; "consolidated net earnings" shall include the consolidated net earnings (before interest on funded obligations and income taxes) of the Company and all its subsidiary companies, except the acceptance company, plus the Company's share of net earnings of the acceptance company after all interest and other charges and income taxes; "consolidated funded obligations" shall include the funded obligations of the Company and all its subsidiary companies, other than the acceptance company, after reducing the total funded obligations of each subsidiary company not wholly owned to an amount which bears the same proportion to the total funded obligations of such subsidiary company as the outstanding voting shares of such subsidiary company which are owned by the Company and any other subsidiary company bears to the total number of such shares outstanding; and "consolidated net tangible assets" shall include the consolidated net tangible assets of the Company (including therein the Company's investment in the shares of the acceptance company at equity in net assets) and all its subsidiary companies other than the acceptance company (after making due allowance for minority interests, if any). All the foregoing definitions shall be applied in accordance with generally accepted accounting practice.

The Trust Indenture is also to contain, among other things, covenants to the effect that so long as any of the Series A Debentures remain outstanding:

A. The Company will not nor will it permit any subsidiary company to mortgage, hypothecate, charge or pledge any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations (except Additional Debentures) unless subject to the first floating charge of the Trust Indenture or unless such of the Series A Debentures as shall then be outstanding are secured at such time by such mortgage, hypothecation, charge or pledge so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided however, that this covenant shall not apply in respect of current obligations secured on other than fixed assets and incurred in the ordinary course of business.

B. The Company will not issue or become liable on any funded obligations in addition to the Series A Debentures, unless

   (a) consolidated net tangible assets (as referred to above) plus the proceeds of the funded obligations then proposed to be issued shall be at least equal to 200% of the aggregate principal amount of the consolidated funded obligations (as referred to above) to be outstanding after such additional issue or after the Company so becoming liable as the case may be; and

   (b) consolidated net earnings (as referred to above) for any 12 consecutive calendar months in the 18 month period immediately preceding the proposed date of issue of such funded obligations or the date on which the Company so becomes liable, as the case may be, shall have been not less than three times the amount required to meet the annual interest on the consolidated funded obligations (as referred to above) to be outstanding after such additional issue or after the Company so becoming liable, as the case may be.

   Provided that for all purposes of the Trust Indenture any funded obligations outstanding at the time of any such issue or of the Company so becoming liable, as the case may be, which are to be retired within one month following such time shall be deemed not to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be, if all moneys required to retire such funded obligations are paid to the trustee for the holders of such obligations or provided to its satisfaction at such time.

C. The Company will not permit any subsidiary company

   (a) to issue any shares ranking prior to or pari passu with any shares in any such subsidiary company held directly or indirectly by the Company (except to the Company or to a wholly-

owned subsidiary company) whenever the ratio of consolidated net tangible assets (as referred to above) to the aggregate principal amount of outstanding consolidated funded obligations (as referred to above) is lower than the ratio of three to one; or

(b) to issue or be or become liable on any funded obligation (except to the Company or to a wholly-owned subsidiary company) if the ratio of consolidated net tangible assets (as referred to above) plus the proceeds of such funded obligations (such proceeds in the case of a subsidiary company which is not wholly owned to be reduced to an amount which bears the same proportion to the total amount of such proceeds as the outstanding voting shares of such subsidiary company which are owned by the Company and any other subsidiary company bears to the total number of such shares outstanding), to the aggregate principal amount of consolidated funded obligations (as referred to above) to be outstanding thereafter, is lower than the ratio of three to one.

D. The Company will not, nor will it permit any subsidiary company to, (a) sell or otherwise dispose of any shares in a subsidiary company, except to any wholly-owned subsidiary company or to the Company, as the case may be, whenever the ratio of consolidated net tangible assets (as referred to above) to the aggregate principal amount of the outstanding consolidated funded obligations (as referred to above) is lower than the ratio of three to one; or (b) sell or otherwise dispose of any funded obligations owing from any subsidiary company, except to any wholly-owned subsidiary company or to the Company, as the case may be, if the ratio of consolidated net tangible assets (as referred to above) plus the proceeds of such funded obligations (such proceeds in the case of a subsidiary company which is not wholly owned to be reduced to an amount which bears the same proportion to the total amount of such proceeds as the outstanding voting shares of such subsidiary company which are owned by the company and any other subsidiary company bears to the total number of such shares outstanding) to the aggregate principal amount of consolidated funded obligations (as referred to above) to be outstanding thereafter is lower than the ratio of three to one; provided, however, that all shares of capital stock of all classes together with all funded obligations of any subsidiary company owned by the Company or any of its subsidiary companies may be sold as an entirety for their fair value in cash if the subsidiary company whose shares of capital stock and funded obligations are so being sold does not own any shares of capital stock or any funded obligations of any other subsidiary company all shares of capital stock and funded obligations of which are not being simultaneously disposed of by the Company and its subsidiary companies.

E. The Company will not issue, nor will it permit any subsidiary company to issue, any funded obligations in respect of which it is obliged to set aside or provide funds for retirement in any year prior to November 1, 1976 (by maturities, serial or otherwise and/or by sinking fund) amounting in the aggregate to more than 3/70ths of the aggregate principal amount of such funded obligations proposed to be issued unless the sinking fund payment for that year for the Series A Debentures is increased so as to aggregate at least the same proportion of the total principal amount of the Series A Debentures certified and delivered as the aggregate of the funds to be set aside or provided for such purposes in respect of such funded obligations in such year bears to the total principal amount of such funded obligations to be certified and delivered.

F. The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on, or apply any of its property or assets to the purchase, redemption or other retirement of or set apart any sum for the payment of any dividends on or for the redemption or other retirement of or make any other distribution by reduction of capital or otherwise in respect of any shares of any class of capital stock of the Company unless immediately after giving effect to such action, the consolidated net current assets of the Company and its subsidiary companies other than the acceptance company will be not less than $2,250,000.

G. The Company shall deposit with the Trustee not later than 12 months after the end of any fiscal year of the Company an amount equal to the aggregate proceeds received by the Company and its subsidiary companies in excess of $500,000 during such fiscal year of the Company from any sale of other disposition of fixed assets or shares held in any subsidiary company or shares held in Trailer Acceptance Company Limited such deposit to be used in purchasing Series A Debentures for cancellation or in retiring Series A Debentures by call for redemption at the redemption price for other than sinking fund purposes, all as to be provided in the Trust Indenture; provided, however, that for the purposes of determining the obligations of the Company under this paragraph G there shall be deducted from such excess the aggregate cost of additional property, plant, equipment and inventory of the Company and of shares in any other company carrying on a business capable of being conducted so as to benefit the Company or any of its subsidiary companies, acquired or contracted for by the Company or any subsidiary company between the commencement of such fiscal year and the date of such required deposit, if such costs have been not taken into account in determining the obligations of the Company in respect of any previous fiscal year; and provided further, that the obligation of the Company under this paragraph G shall be in addition to the Company's sinking fund obligations. The proceeds of sale of any property of the Company owned in the United States of America at the date of the Trust Indenture, and the proceeds received by the Company from any sale-leaseback of any property other than the Company's proposed new manufacturing and assembly plant in Applewood Acres shall not be taken into account in determining the extent of the Company's obligations under this paragraph G.

Provided that, subject only to the covenants contained in paragraphs A and E above, in cases where all the Series A Debentures are not being retired as part of the refunding operations, the Company or any subsidiary company may issue funded obligations to refund any secured or unsecured obligations permitted to be issued in accordance with the foregoing or any funded obligations now outstanding, in each case, to the extent of the principal amount of the funded obligations being refunded which is outstanding at the time of such refunding.

Provided further that nothing hereinbefore contained shall prevent the Company or any subsidiary company from giving purchase money mortgages up to 66⅔% of the purchase price of after-acquired property, or from creating or suffering to exist permitted encumbrances or minor title defects.

Parent Company

Fruehauf Trailer Company, whose principal office is located in Detroit, Michigan, U.S.A., together with domestic subsidiary companies, is the largest manufacturer, seller and distributor of truck-trailers, truck bodies and related accessories in the United States. It was incorporated under the laws of the State of Michigan in 1918 as successor to a business established in 1897 by the late August C. Fruehauf.

The parent company's principal manufacturing facilities are widely located in the United States and consists of (a) eight plants which are owned outright and are located on a total of 318.1 acres of land and contain approximately 2,173,000 square feet of floor space and (b) six plants which are located on leased premises and contain a total of approximately 519,000 square feet of floor space. In addition to such plants, Fruehauf Trailer Company operates 78 sales and services branches in 73 cities located throughout the United States. Approximately 13,550 persons are employed in the plants, branches and executive offices of the parent company and its domestic subsidiaries.

The published consolidated balance sheet of Fruehauf Trailer Company and its consolidated subsidiaries as at December 31, 1955 shows that the gross book value, at cost, of fixed assets was $34,206,281, resulting, after accumulated depreciation and amortization of $11,906,709, in a net book value of $22,299,572, that the book value of investments in subsidiaries not consolidated and other assets amounted to $32,078,813, that net current assets were $52,091,782, and that the shareholders' investment, or net book worth was $80,701,810.

For the year ended December 31, 1955, consolidated net earnings of Fruehauf Trailer Company and its consolidated subsidiaries were $8,658,045.

Conclusion

Since 1945, the Canadian motor transport industry has developed into one of the prime movers of the nation's freight. From the end of the war to 1953, the latest year for which official figures are available, motor freight carriers, representing an important segment of the motor transport industry, reported approximately a fourfold increase in annual freight revenues, a 75% increase in the number of employees and a 100% increase in the number of truck and trailer units employed. These statistics do not take into account the substantial growth experienced during the same period by private delivery fleet operators and licensed carriers engaged in construction work.

Based upon anticipated growth in Canada in population and national output over the next 10 to 15 years, I believe that it is reasonable to assume the rate of growth of the motor transport industry will continue at a high level with a consequent high demand for truck and trailer equipment. As a major supplier of trailers and truck bodies to the industry, it is confidently expected that an important and profitable share of this future business will be obtained by the Company.

Yours very truly,

(Signed) R. J. Telford,
Vice-President.

Fruehauf Trailer Company of Canada Limited

(Incorporated under the Companies Act, Canada)

Balance Sheet as at 31st August 1956

and

Pro Forma Balance Sheet as at 31st August 1956

(after giving effect to the transactions and proposed financing set out in Note (6) hereof)

Assets

		Actual	Pro Forma
CURRENT ASSETS			
Cash		$ 45,380	$ 916,880
Trade accounts receivable	$1,342,982		
Less: Allowance for doubtful accounts	25,000	1,317,982	1,317,982
Trailer Acceptance Company Limited — account receivable		43,550	43,550
Inventories at the lower of cost (first-in, first-out method) or market			
New trailers	1,308,107		
Production parts, work in process and raw materials	2,150,846		
Service parts and orders in process	660,809		
Used trailers, at appraisal values less estimated disposal cost	471,778	4,591,540	4,591,540
Prepaid expenses		16,145	16,145
TOTAL CURRENT ASSETS		6,014,597	6,886,097
INVESTMENT IN SHARES OF WHOLLY-OWNED SUBSIDIARY, TRAILER ACCEPTANCE COMPANY LIMITED, at equity in net assets (Notes 1 and 2)		1,502,193	1,502,193
PORTION OF PROCEEDS FROM 5¼% SINKING FUND DEBENTURES, SERIES A, PROPOSED TO BE USED FOR EXPANSION OF MANUFACTURING FACILITIES		—	3,000,000
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and amortization (Note 3)			
Land	625,185		
Machinery and equipment	559,872		
Automotive equipment	99,901		
Leasehold improvements	81,406		
	1,366,364		
Less: Accumulated depreciation and amortization	355,561	1,010,803	1,010,803
OTHER ASSETS, at cost		320,317	320,317
UNAMORTIZED DEBENTURE DISCOUNT		—	140,000
		$8,847,910	$12,859,410

Liabilities and Capital

		Actual	Pro Forma
CURRENT LIABILITIES			
Notes payable to bank — secured		$1,063,500	$ —
Accounts payable and accrued expenses		1,031,512	1,031,512
Sales and other taxes		79,410	79,410
Estimated federal and provincial income taxes		253,161	253,161
Fruehauf Trailer Company — account payable		948,629	948,629
TOTAL CURRENT LIABILITIES		3,376,212	2,312,712
5¼% SINKING FUND DEBENTURES, SERIES A, due November 1, 1976 (Note 4)			3,500,000
SHAREHOLDERS' INVESTMENT			
Capital Stock			
Authorized			
500,000 shares without nominal or par value			
Issued and outstanding			
350,000 shares	$3,500,000		
Earnings retained for use in the business	1,971,698	5,471,698	
SHAREHOLDERS' INVESTMENT — PRO FORMA			
Capital Stock			
Authorized (Note 5)			
2,000,000 Shares without nominal or par value			
Issued and outstanding			
900,000 Shares	5,125,000		
Earnings retained for use in the business	1,921,698		7,046,698
		$8,847,910	$12,859,410

Approved on behalf of the Board:

Director

Director

The explanatory notes to financial statements appear on the following page and are an integral part hereof.

Fruehauf Trailer Company of Canada Limited
Explanatory Notes to Financial Statements
as at 31st August 1956

(1) Undistributed Earnings of Subsidiary — The equity of the Company in the earnings of Trailer Acceptance Company Limited for the period from commencement of operations on 8th August 1956 to 31st August 1956 amounting to $2,193 is reflected in the accompanying balance sheets of the Company.

(2) Trailer Acceptance Company Limited — On 3rd July 1956, Trailer Acceptance Company Limited was formed to take over and carry on the instalment sales financing section of the Company's business. Trailer Acceptance Company Limited commenced operations on 8th August 1956 and the assets and liabilities relating to such section of the Company's business were transferred from the Company as of that date.

(3) Property, Plant and Equipment — Since 1949 the Company has entered into long term leases (25 to 35 years) for three operating sales and service branches and one manufacturing plant. The Company has the right to purchase the properties upon the expiration of the period of five years from the commencement dates of the leases. The rental payments (except two of which are fixed) and purchase prices in all cases decline gradually over the terms of the leases. The annual rentals on such properties will amount to approximately $87,500 from 1st September 1956 to 31st August 1957 exclusive of taxes, insurance, maintenance and repairs which are also payable by the Company. If all of the rights to purchase were exercisable at the present time, the aggregate purchase price would amount to approximately $1,140,000.

(4) 5¼% Sinking Fund Debentures, Series A — The Trust Indenture will prohibit the payment of dividends on any shares of its capital stock if, after giving effect to such payments, the consolidated net current assets (as to be defined therein) of the Company and its subsidiary companies (to be defined so as to exclude Trailer Acceptance Company Limited) would be less than $2,250,000.

(5) Capital Stock — 87,500 Shares of the authorized capital of the Company are to be reserved for issuance upon the exercise of stock purchase warrants to be carried by the 5¼% Sinking Fund Debentures, Series A.

(6) Pro Forma Adjustments — The following transactions and proposed financing have been given effect to in the pro forma balance sheet:

(i) The change in capital stock confirmed by Supplementary Letters Patent dated September 17, 1956 as follows:—

The subdivision of the 350,000 issued and 150,000 unissued shares without nominal or par value into 700,000 issued and 300,000 unissued Shares without nominal or par value.

An increase in the authorized share capital by 1,000,000 Shares.

(ii) The conversion of the Company from a private to a public company.

(iii) The issue of 100,000 Shares to Fruehauf Trailer Company for $850,000.

(iv) The authorization of $3,500,000 5¼% Sinking Fund Debentures, Series A, due November 1, 1976 and the issue thereof for $3,360,000 in accordance with an underwriting agreement dated 12th September 1956.

(v) The issue of 100,000 Shares for $775,000 in accordance with the said underwriting agreement dated 12 September 1956.

(vi) The application of the proceeds from the sale of the said 5¼% Sinking Fund Debentures, Series A, and 200,000 Shares to defray estimated capital costs of approximately $3,000,000 to expand manufacturing facilities, to reduce bank indebtedness which amounted to $1,063,500 as at 31st August 1956 and the balance for general corporate purposes after the payment of expenses in connection with the issues estimated at $50,000—charged to earnings retained for use in the business.

Auditors' Report

To the Directors,
Fruehauf Trailer Company of Canada Limited.

We have examined the balance sheet of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 and the related summary of earnings for the ten years and eight months then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet supplemented by notes (1) to (3) appended thereto is properly drawn up and presents fairly the financial position of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 and the related summary of earnings supplemented by notes (a) to (e) appended thereto presents fairly the results of the operations of Fruehauf Trailer Company of Canada Limited for the ten years and eight months ended 31st August 1956.

In our opinion the accompanying pro forma balance sheet supplemented by notes (1) to (5) appended thereto is properly drawn up and presents fairly the financial position of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 after giving effect as at that date to the transactions and proposed financing referred to in note (6).

Dated at Toronto, Ontario.
11th October, 1956.

(Signed) George A. Touche & Co.,
Chartered Accountants.

Trailer Acceptance Company Limited

(Incorporated as a private company under the Companies Act, Canada)

Balance Sheet as at 31st August 1956

Assets

Cash in Bank		$ 500,000
Instalment Equipment Notes—secured by conditional sale contracts (including instalments of $3,636,055 maturing after 31st August 1957) less unearned finance charges of $835,615	$5,778,953	
Less: Allowance for doubtful notes	20,000	5,758,953
		$6,258,953

Liabilities and Capital

Notes Payable — secured by hypothecation of conditional sale contracts		$4,708,310
Accounts Payable		1,500
Estimated Income Taxes Payable		3,400
Fruehauf Trailer Company of Canada Limited — account payable		43,550
Shareholders' Investment		
Capital stock		
Authorized		
500,000 shares without nominal or par value		
Issued and outstanding		
150,000 shares	$1,500,000	
Net earnings for the period from the commencement of operations on 8th August 1956	2,193	1,502,193
Contingent Liability		
Conditional sale contracts discounted . . . . $ 462,900		
		$6,258,953

Approved on behalf of the Board:

Director

Director

Auditors' Report

To the Directors,
Trailer Acceptance Company Limited.

We have examined the balance sheet of Trailer Acceptance Company Limited as at 31st August 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of Trailer Acceptance Company Limited as at 31st August 1956.

Dated at Toronto, Ontario.
11th October, 1956.

(Signed) George A. Touche & Co.,
Chartered Accountants.

Statutory Information

(**a**) The full name of the Company is Fruehauf Trailer Company of Canada Limited (hereinafter referred to as the "Company") and the address of its head office is Main Street North, Weston, Ontario.

(**b**) The Company was incorporated under the Companies Act of Canada by Letters Patent dated the 9th day of November, 1928. Supplementary Letters Patent dated respectively the 6th day of December, 1941, the 29th day of April, 1954, the 9th day of April, 1956, and the 17th day of September, 1956, have been issued to the Company.

(**c**) The general nature of the business actually transacted or to be transacted by the Company is the manufacture and sale of commercial truck-trailers and truck bodies.

(**d**) The names in full, descriptions or present occupations and home addresses in full of the directors and chief executive officers of the Company are as follows:

Directors

FREDERICK EDWIN BURNHAM	Executive	575 Shirley Drive, Birmingham, Michigan, U.S.A.
ROY FRUEHAUF	Executive	5330 Middlebelt Road, Route 1, Birmingham, Michigan, U.S.A.
ROY WILLIAM JACOBS	Executive	404 Barclay Road, Grosse Point Farms 36, Michigan, U.S.A.
ROBERT JAMES TELFORD	Executive	Broadacres Farm, R.R. No. 1, Malton, Ont.

Chief Executive Officers

ROY FRUEHAUF	President	5330 Middlebelt Road, Route 1, Birmingham, Michigan, U.S.A.
FREDERICK EDWIN BURNHAM	Vice-President	575 Shirley Drive, Birmingham, Michigan, U.S.A.
ROBERT JAMES TELFORD	Vice-President	Broadacres Farm, R.R. No. 1, Malton, Ont.
WILLARD JAMES RUSSELL	Vice-President	115 Valecrest Drive, Toronto, Ont.
ROY WILLIAM JACOBS	Vice-President and Secretary	404 Barclay Road, Grosse Point Farms 36, Michigan, U.S.A.
EDGAR LORNE GOODFELLOW	Vice-President and Treasurer	R.R. No. 3, Sutton, Ont.
VINCENT EDWARD STANGER	Assistant Treasurer and Assistant Secretary	415 Lakeshore Road, Mimico, Ont.
NORMAN ALPHONSUS RYAN	Assistant Secretary	10724 Wayburn Avenue, Detroit 24, Michigan, U.S.A.

(**e**) The auditors of the Company are George A. Touche & Co., 67 Yonge Street, Toronto, Ontario.

(**f**) National Trust Company, Limited, at its principal offices in the cities of Toronto and Montreal, is the Transfer Agent and the Registrar for the Series A Debentures and for the Shares in the capital stock of the Company.

(**g**) The Company was incorporated with an authorized share capital consisting of 5,000 shares of the par value of $10 each. The authorized share capital of the Company was altered by Supplementary Letters Patent dated the 6th day of December, 1941, the 29th day of April, 1954, the 9th day of April, 1956 and the 17th day of September, 1956, so that at the present time the authorized share capital of the Company consists of 2,000,000 Shares without nominal or par value all of one class (herein called the "Shares"), of which 700,000 Shares have been allotted and issued and are outstanding as fully paid and non-assessable.

(**h**) As appears from paragraph (**g**) hereof there is at the present time only one class of shares of the Company.

(**i**) Except the Series A Debentures herein referred to there are no bonds or debentures outstanding or proposed to be issued and there are no other securities issued or proposed to be issued which, if issued, will rank ahead of or pari passu with the Series A Debentures or Shares herein referred to but the said Series A Debentures will rank ahead of the said Shares.

(**j**) No substantial indebtedness is proposed to be created or assumed by the Company which is not shown in the balance sheet or in the pro forma balance sheet, each as at August 31, 1956, forming part of this prospectus, save and except borrowings in the ordinary course of business. Reference is also made to paragraph (**zh**) hereof.

(**k**) No securities of the Company are covered by outstanding options given by the Company or options proposed to be given by the Company, except that the Series A Debentures when originally issued in definitive form will carry in respect of each $1,000 principal amount thereof a stock purchase warrant which entitles the bearer thereof to purchase 25 Shares of the Company during the periods and at the prices specified under the heading "Stock Purchase Warrants" on page 6 of this prospectus. In addition Fruehauf Trailer

Company has agreed to purchase 100,000 Shares in the capital stock of the Company as more fully referred to under the heading "The Company" on page 3 of this prospectus. Reference is also made to paragraph (**p**) hereof.

(**l**) The \$3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A (herein called "Series A Debentures") are to be direct obligations of the Company and are to be issued under a trust indenture and a trust deed of hypothec, mortgage and charge (herein collectively referred to as the "Trust Indenture") to be made as of October 15, 1956 between the Company and National Trust Company, Limited, as Trustee, and are to be secured by a first floating charge as set forth on pages 7 and 8 of this prospectus under the heading "Certain Provisions of the Trust Indenture," to which reference is hereby expressly made. The Series A Debentures are to be dated November 1, 1956, will mature November 1, 1976, will bear interest at the rate of 5¼% per annum payable half-yearly on May 1 and November 1 in each year and are to be issued as coupon Debentures in denominations of \$1,000 and \$10,000 registerable as to principal only; principal and half-yearly interest and redemption premium, if any, are to be payable in lawful money of Canada at the holder's option at any branch in Canada (Yukon Territory excepted) of the Company's bankers. The Series A Debentures will be redeemable otherwise than out of sinking fund moneys at the option of the Company, in whole at any time or in part from time to time on not less than 30 days' notice, at the principal amount thereof plus a premium of 5% of such principal amount if redeemed on or before November 1, 1957 such premium thereafter decreasing by ¼ of 1% for each year commenced or elapsed from November 1, 1957 to the date specified for redemption up to and including November 1, 1975, and thereafter and prior to maturity at the principal amount thereof, together in each case with accrued interest to the date specified for redemption. The Series A Debentures are to be redeemable out of sinking fund moneys at the principal amount thereof plus a premium equal to one-half the premium applicable from time to time on redemption of Debentures at the option of the Company, together in each case with accrued interest to the date specified for redemption.

Other particulars of the Series A Debentures are set forth elsewhere in this prospectus as follows:

(1) particulars of certain covenants of the Company are set forth on pages 7 and 8 under the heading "Certain Provisions of the Trust Indenture";

(2) particulars of the sinking fund for the Debentures are set forth under the heading "Sinking Fund" appearing on page 6;

(3) particulars of the stock purchase warrants carried by the Debentures are set forth under the heading "Stock Purchase Warrants" appearing on page 6;

For the above-mentioned particulars reference is hereby expressly made to the specified pages.

The Series A Debentures will be offered for sale to the public at the price of \$100 per \$100 principal amount plus accrued interest.

The 100,000 Shares in the capital stock of the Company will be offered to the public at the price of \$8.50 per share.

No securities of the Company have been offered for sale to the public within the two years preceding the date hereof. Reference is also made to paragraph (**p**) hereof.

(**m**) The estimated net proceeds to be derived by the Company from the sale of the Series A Debentures, on the basis of the same being fully taken up and paid for, are \$3,360,000, less legal and auditing fees and other expenses in connection with the issue of the said Debentures. The estimated net proceeds to be derived by the Company from the sale of the said 100,000 Shares, on the basis of the same being fully taken up and paid for, are \$775,000, less legal and auditing fees and other expenses in connection with the issue of such Shares.

(**n**) The aggregate proceeds from the issue of the Series A Debentures and the 100,000 Shares now offered to the public, together with the proceeds of the sale of an additional 100,000 Shares in the capital stock of the Company to Fruehauf Trailer Company, as referred to under the heading "The Company" on page 3 of this prospectus, will be used to the extent of approximately \$3,000,000 in the construction of a plant on the Applewood Acres property and in the purchase of equipment therefor, to reduce bank indebtedness which amounted to \$1,063,500 at August 31, 1956 and, as to the balance, for general corporate purposes.

(**o**) In the opinion of the directors of the Company, no minimum amount must be raised by the issue of the Shares now offered to provide the sums required to pay the purchase price of any property purchased or to be purchased, any preliminary expenses or any commission payable by the Company, the repayment of any moneys borrowed by the Company in respect of the foregoing matters or the repayment of bank loans, but reference is made to paragraph (**n**).

(**p**) The Company has entered into an underwriting agreement dated September 12, 1956 with McLeod Young, Weir & Company Limited in respect of the Series A Debentures and the 100,000 Shares now offered to the public. Under the said underwriting agreement the price payable to the Company for the Series A Debentures is \$96 per \$100 principal amount thereof, plus accrued interest, if any, and the price payable to the Company for the 100,000 Shares is \$7.75 per Share.

(**q**) The by-laws of the Company provide as follows with respect to the remuneration of the directors: "Subject to any agreement to the contrary, the remuneration to be paid to the directors shall be such remuneration as the board shall from time to time determine. No director of any subsidiary of the Company shall be entitled to any remuneration as such if, for the time being, he is in receipt of a salary or other remuneration from the Company or any subsidiary of the Company. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in going to, attending and returning from board, committee and shareholders' meetings and any other expenses properly incurred by them in connection with the affairs of the Company or to receive a fixed allowance in respect thereof as may be determined by the board from time to time. The directors may by resolution award special remuneration to any director or officer of the Company undertaking any special work or service for, or undertaking any special mission on behalf of, the Company other than routine work ordinarily required of such director or officer of the Company. Any remuneration payable to a director who is also an officer or employee of the Company, or who is counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his salary as such officer or to his professional fees as the case may be".

(r) The aggregate remuneration paid by the Company to directors, as such, during its last financial year ended December 31, 1955 was nil and the estimated aggregate of such remuneration payable during the current financial year is nil. The aggregate remuneration paid by the Company to officers of the Company who individually received or were entitled to receive remuneration in excess of $10,000 per annum during its last financial year ended December 31, 1955 was $32,583.30 and the estimated aggregate of such remuneration payable during the current financial year is $83,000.

(s) No amount has been paid by the Company within the two years preceding the date hereof or is payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company, but reference is made to paragraph **(p)** hereof.

(t) The Company has been carrying on business since 1928.

(u) The Company proposes to defray the capital cost to be incurred in constructing and equipping the plant referred to under the heading "New Plant" on page 4 hereof out of the proceeds of the issue of the Series A Debentures now offered.

(v) No contracts have been entered into constituting any person, firm or corporation a vendor of any property to be used in the constructing and equipping of the plant referred to in paragraph **(u)** above and accordingly the names and addresses of vendors of any such property are not yet known.

(w) Within the two years preceding the date hereof no securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

(x) The Series A Debentures are to be secured by a first floating charge as set forth on pages 6, 7 and 8 of this prospectus under the heading "Certain Provisions of the Trust Indenture", to which reference is hereby expressly made.

(y) Exclusive of the legal and auditing services rendered and to be rendered in connection with the issue of the Series A Debentures and the Shares now offered and exclusive of the services to be rendered in connection with the constructing and equipping of the plant hereinbefore referred to and exclusive of services rendered or to be rendered in the ordinary course of business, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of the Series A Debentures or the Shares or have been within the last two preceding years or are to be paid for by securities of the Company.

(z) No amount has been paid by the Company within the two years preceding the date hereof or is intended to be paid to any promoter.

(za) The Company has not entered into any material contracts within the two years preceding the date hereof other than contracts entered into in the ordinary course of the business carried on by the Company, except the following:

(1) On August 25, 1955, the Company entered into an agreement with Canada Safeway Limited for the purchase of 71 acres of land in the Applewood Acres subdivision on the western outskirts of Metropolitan Toronto.

(2) On July 17, 1956, the Company entered into an agreement with Waldex Incorporated for the purchase of the North-East part of Lot 188, Parish of St. Laurent, Quebec and entered into a contract of even date with Dr. Francis Foldes for the purchase of the South-West part of the said Lot 188. The total area of the two parcels of property purchased is approximately 1,818,000 square feet.

(3) On August 17, 1955, the Company entered into contracts whereunder it obtained assignments of three contracts previously entered into by Fruehauf Trailer Company with the following parties:

   (a) Temple Academy Foundation Inc., which company agreed to sell 42.7 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

   (b) Thomas B. Moore who agreed to sell 42.8 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

   (c) Harold Spencer and Flossie R. Spencer who agreed to sell 21.96 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

   The properties covered by the contracts referred to in subparagraphs (a), (b) and (c) above are contiguous.

(4) On September 12, 1956, the Company entered into an agreement with McLeod, Young, Weir and Company Limited, particulars of which are set forth in paragraph **(p)** hereof.

(5) Fruehauf Trailer Company has entered into an agreement with the Company dated September 14, 1956 which provides for the purchase of 100,000 Shares of the Company at $8.50 per Share and which also provides that, so long as any of the Series A Debentures are outstanding, Fruehauf Trailer Company will not cause the name "Fruehauf" to be removed from the corporate name of the Company and that Fruehauf Trailer Company will continue to supply to the Company, at reasonable charges, management, technical and other services and, on a best-efforts basis, parts and other products.

Copies of the said contracts may be inspected during usual business hours at the head office of the Company during the period of primary distribution to the public of the securities offered hereby.

(zb) No property is presently proposed to be acquired by the Company in which any director has any interest.

(zc) The Company formed Trailer Acceptance Company Limited as a wholly-owned subsidiary and the said company has been carrying on business since August 8, 1956.

(zd) Fruehauf Trailer Company, 10940 Harper Avenue, Detroit 32, Michigan, U.S.A., beneficially owns at the date hereof all of the 700,000 Shares in the capital stock of the Company which have been

issued and are outstanding. Fruehauf Trailer Company has agreed to purchase a further 100,000 Shares in the capital stock of the Company on or before November 1, 1956. Assuming that the 100,000 Shares now offered to the public are fully taken up, the said Fruehauf Trailer Company will own 800,000 out of the 900,000 Shares of the Company to be issued and outstanding. Accordingly, Fruehauf Trailer Company is entitled to elect or cause to be elected a majority of the directors of the Company.

(ze) No securities of the Company of the same class as the securities now offered are held in escrow.

(zf) No dividends have been paid by the Company during the five years preceding the date hereof other than the following:

Fiscal Period Ended December 31, 1954 — $343,444

Fiscal Period Ended December 31, 1955 — $525,000

(zg) No amount of the consideration received for the issue of shares without nominal or par value of the Company has been set aside as a distributable surplus.

(zh) At present, negotiations are being conducted with respect to the construction of an addition to the Company's Weston offices and a new branch in each of the cities of Toronto and Montreal for a total cost of approximately $1,100,000. These premises will be sold and leased back by the Company under twenty-five year leases. The rentals will provide for the repayment of the capital cost of the said premises with interest at 5¾%. The Company will have the option to purchase these premises between the fifth and twenty-fifth years of the terms of the respective leases, and will also be able to extend the terms of the leases. The Company may also enter into similar sale-leasebacks in connection with other premises, but no definite plans have been made as yet.

(zi) No founders' or management or deferred shares have been issued by the Company.

(zj) No minimum subscription is fixed upon which the directors may proceed to allotment. The amount payable on application and allotment on each share is such as the directors may from time to time by resolution determine.

(zk) No contracts have been entered into constituting any person a vendor of any property, the purchase or acquisition of which has not been completed at the date hereof, other than contracts in the ordinary course of business or on the general credit of the Company.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by the Quebec Securities Act and by Section 39 of The Securities Act, 1954 (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated at Toronto, Ontario, October • , 1956.

Directors

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 13 of the Security Frauds Prevention Act (New Bunswick), by the Quebec Securities Act and by Section 39 of The Securities Act, 1954 (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

Underwriter

McLeod, Young, Weir & Company Limited

by

The following are the names of all persons having an interest directly or indirectly to the extent of not less than 5% in the capital of McLeod, Young, Weir & Company Limited: D. I. McLeod, J. G. Weir, J. H. Ratcliffe, W. H. R. Jarvis, H. S. Backus, R. A. Jarvis, F. O. Evans, J. S. Dinnick and J. E. Langdon.

Fred Burnham Lee
Vice Pres
Finance

LISTING STATEMENT No. 1942

LISTED NOVEMBER 9, 1956
900,000 shares without par value
Ticker abbreviation "FRH"
Post section 11

TORONTO STOCK EXCHANGE

LISTING STATEMENT

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

An industrial company incorporated under the Companies Act of Canada by Letters Patent dated the 9th day of November, 1928.

SHARES WITHOUT NOMINAL OR PAR VALUE

CAPITAL SECURITIES AS AT NOVEMBER 30, 1956

	Authorized	Outstanding	To Be Listed
CAPITAL STOCK			
Shares without nominal or par value	2,000,000	900,000	900,000
FUNDED DEBT			
Debentures (1)			
5¼% Sinking Fund Debentures, Series A, due November 1, 1976	\$3,500,000	\$3,500,000	Nil

NOTE (1). The aggregate principal amount of Debentures which may be issued at any time in one or more series is unlimited but Debentures in addition to the \$3,500,000 principal amount of Series A Debentures may only be issued subject to the restrictions contained in the Trust Indenture under which such Series A Debentures have been issued.

November 5, 1956.

1. APPLICATION

Fruehauf Trailer Company of Canada Limited (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 900,000 shares without nominal or par value in the capital stock of the Company outstanding at the date hereof as fully paid and non-assessable.

2. REFERENCE TO ATTACHED PROSPECTUS

Reference is made to the attached prospectus dated October 15, 1956, relating to the offering of 100,000 shares without nominal or par value in the capital stock of the Company which forms part of this application.

3. NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

The nature of the business conducted by the Company including the principal products manufactured, services performed and the method of marketing or distribution of the Company's products are set forth in the attached prospectus. The annual output for the preceding five years in terms of physical units is set out in the following table.

1951	951 Units
1952	735 Units*
1953	1,678 Units**
1954	702 Units
1955	1,174 Units

* This figure includes 119 two wheel cargo trailers.
** This figure includes 715 two wheel cargo trailers.

4. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated under the Companies Act of Canada by Letters Patent dated the 9th day of November, 1928, with an authorized capital of \$50,000 divided into 5,000 shares of the par value of \$10 each. By Supplementary Letters Patent dated the 6th day of December, 1941, the authorized capital of the Company was increased to \$300,000 divided into 30,000 shares of the par value of \$10 each. By Supplementary Letters Patent dated the 29th day of April, 1954, the authorized capital of the Company was altered and increased so that it then consisted of 200,000 shares without nominal or par value issuable for not more than \$2,000,000. By Supplementary Letters Patent dated the 9th day of April, 1956, the authorized capital of the Company was increased so that it consisted of 500,000 shares without nominal or par value issuable for not more than \$5,000,000. By Supplementary Letters Patent dated the 17th day of September, 1956, the authorized capital of the Company was subdivided on a two for one basis, and increased, so that at the present time the authorized capital of the Company consists of 2,000,000 shares without nominal or par value issuable for not more than \$20,000,000. In addition, by virtue of the Supplementary Letters Patent last mentioned the Company was converted from a private company into a public company.

5. OPINION OF COUNSEL

Messrs. Borden, Elliot, Kelley, Palmer & Sankey, 25 King Street West, Toronto, Ontario, counsel for the Company, are filing in support of this application an opinion stating that the Company has been duly organized and is a valid and subsisting company incorporated under the laws of Canada and that 900,000 shares without nominal or par value in the capital stock of the Company have been validly issued and are outstanding as fully paid and non-assessable.

6. SHARE ISSUES DURING PAST TEN YEARS

Each individual issue of shares during the past ten years is set out in the following table:

Date of Issue	Number of Shares	Amount per Share Realized	Total Amount Realized	Purpose of Issue
April 29, 1954	70,000	$10.06 per share (approx.)	$ 703,890	To provide working capital.
June 7, 1955	50,000	$10.00 per share	$ 500,000	To provide working capital.
March 26, 1956	50,000	$10.00 per share	$ 500,000	To provide working capital.
August 7, 1956	150,000	$10.00 per share	$1,500,000	To provide capital for the Company's wholly-owned subsidiary Trailer Acceptance Company Limited.
Nov. 1, 1956	100,000 100,000	$ 8.50 per share $ 7.75 per share	$ 850,000 $ 775,000	The proceeds from the issue of the $3,500,000 principal amount of Series A Debentures hereinbefore referred to and the 200,000 shares (all made on November 1, 1956) are to be used to defray the capital costs to be incurred in constructing and equipping the Company's proposed new plant, to reduce bank indebtedness and for general corporate purposes.

7. DIVIDEND RECORD

The amount of dividends paid by the Company during the ten preceding years is set out in the following table:

Date	Rate	Amount
March 31, 1954	$4.00 per share on 29,611 shares	$118,444
July 22, 1954	75c per share on 100,000 shares	75,000
Oct. 27, 1954	75c per share on 100,000 shares	75,000
Dec. 29, 1954	75c per share on 100,000 shares	75,000
March 30, 1955	75c per share on 100,000 shares	75,000
June 29, 1955	66⅔c per share on 150,000 shares	100,000
July 29, 1955	33⅓c per share on 150,000 shares	50,000
Sept. 29, 1955	$1.00 per share on 150,000 shares	150,000
Dec. 29, 1955	$1.00 per share on 150,000 shares	150,000

8. FUNDED DEBT

The aggregate amount of the funded debt of the Company and other details relating thereto are set forth in the attached prospectus. The Company's wholly-owned subsidiary, Trailer Acceptance Company Limited, has no funded debt outstanding.

9. LISTING ON OTHER STOCK EXCHANGES

None of the securities of the Company are listed on any other stock exchange.

10. STATUS UNDER SECURITIES ACTS

The 100,000 shares without nominal or par value in the capital stock of the Company offered for sale by the above mentioned prospectus (and also the $3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A, carrying Stock Purchase Warrants) have been qualified for sale to the public through registered brokers in all provinces of Canada except Prince Edward Island and Newfoundland.

11. FISCAL YEAR

The Company's fiscal year ends on December 31 in each year.

12. ANNUAL MEETING

The annual meeting of the shareholders of the Company is held at such place on such day in each year as the board of directors by resolution determines. The last annual meeting of the shareholders of the Company was held on March 26th, 1956.

13. TRANSFER FEE

No fee is charged on transfers of the shares without nominal or par value in the capital stock of the Company other than the customary Government stock transfer taxes.

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act, with the Registrar of Companies of British Columbia, with the Registrar of Joint Stock Companies of Saskatchewan and with the Provincial Secretary of Manitoba.

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of the Shares or Debentures referred to herein for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

100,000 Shares

Fruehauf Trailer Company of Canada Limited

(Incorporated under the laws of Canada)

Shares without Nominal or Par Value

Transfer Agent and Registrar:
National Trust Company, Limited, Toronto and Montreal

Application for the listing on The Toronto Stock Exchange of the Shares without nominal or par value in the capital stock of the Company to be outstanding has been approved, subject to the filing of documents and evidence of satisfactory distribution.

We, as principals, offer these 100,000 Shares without nominal or par value in the capital stock of Fruehauf Trailer Company of Canada Limited, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Tory, Miller, Thomson, Hicks, Arnold & Sedgewick, Toronto, Ontario and on behalf of the Company by Messrs. Borden, Elliot, Kelley, Palmer & Sankey, Toronto, Ontario.

Price: $8.50 per Share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that definitive Share certificates will be ready for delivery on or about November 1, 1956.

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

Weston, Ontario
October 12, 1956.

McLeod, Young, Weir & Company Limited,
50 King Street West,
Toronto, Ontario.

Dear Sirs:

In connection with your purchase of $3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A, due November 1, 1976, carrying stock purchase warrants, and 100,000 Shares of Fruehauf Trailer Company of Canada Limited (herein sometimes referred to as the "Company") I am pleased to submit the following information regarding the business and affairs of the Company:

The Company

Fruehauf Trailer Company of Canada Limited, incorporated under the laws of Canada in 1928 as a private company, is engaged in the manufacture, sale and distribution in Canada of truck-trailers, truck bodies and accessories for such products, the sale of service parts and the servicing of truck and trailer equipment. To date the Company has operated as a wholly-owned subsidiary of Fruehauf Trailer Company (herein sometimes referred to as the "parent company") a company incorporated under the laws of the state of Michigan, U.S.A. and the largest manufacturer of truck-trailers in the world, with total sales reaching a record high level of $234,611,908 for the fiscal year ended December 31, 1955.

In view of the rapid growth of sales in Canada of the Company's products and the necessity for enlarging productive capacity if present and anticipated future demands are to be met, it was decided to (1) convert the Company from a private to a public company, (2) subdivide and increase the Company's authorized capital, (3) undertake a programme of plant expansion, and (4) form a new company, Trailer Acceptance Company Limited (herein sometimes referred to as the "acceptance company") to take over and carry on the Company's instalment sales financing business. In furtherance of the above, Supplementary Letters Patent dated September 17, 1956 have been obtained (1) converting the Company from a private to a public company, and (2) subdividing and increasing its authorized capital so that it presently consists of 2,000,000 shares without nominal or par value (herein referred to as the "Shares") and the Company proposes to obtain additional funds through the public sale of its Series A Debentures and of 100,000 Shares. In addition, the parent company has increased and is further increasing its capital investment in the Company.

As at December 31, 1955, the parent company's investment in the Company amounted to $3,095,879, of which $1,500,000 represented paid in capital and $1,595,879 accumulated earned surplus. On March 26, 1956, the parent company increased its investment in the Company by subscribing and paying for $500,000 of additional capital stock of the Company. To provide the Company with funds to supply the initial capital of Trailer Acceptance Company Limited, the parent company further subscribed and paid for $1,500,000 of capital stock of the Company. As a result of these transactions and the accumulation of undistributed profits from December 31, 1955 to August 31, 1956, the parent company's investment in the Company as at August 31, 1956 amounted to $5,471,698 of which $3,500,000 represented paid in capital and $1,971,698 accumulated earned surplus.

Concurrently with the proposed public sale by the Company of its Series A Debentures and 100,000 Shares, the parent company, pursuant to an agreement referred to in the next following paragraph, will purchase for cash at $8.50 per share, 100,000 Shares in the capital stock of the Company. Upon completion of this purchase, the parent company will have invested $4,350,000 in 800,000 shares of the capital stock of Fruehauf Trailer Company of Canada Limited and as at August 31, 1956, after giving effect to the proposed public financing, its interest in the shareholders' investment in the Company will amount to $6,263,731.

The parent company has entered into an agreement with the Company dated September 10, 1956 which, in addition to the purchase of Shares referred to in the next preceding paragraph, also provides that, so long as any of the Series A Debentures are outstanding, the parent company will not cause the name "Fruehauf" to be removed from the corporate name of the Company and that the parent company will continue to supply to the Company, at reasonable charges, management, technical and other services and, on a best-efforts basis, parts and other products.

Operations

Fruehauf Trailer Company of Canada Limited is the largest manufacturer and distributor of truck-trailers and truck bodies in Canada, with sales of its products reaching an all-time high of $11,040,456 in the fiscal year ended December 31, 1955.

Manufacturing and assembly operations are carried on at a modern well-equipped plant located at Weston, Ontario on the outskirts of Metropolitan Toronto. This plant, situated on approximately seven acres of land and containing approximately 110,000 square feet of floor space, is held under a long-term lease (containing an option to purchase) which is guaranteed by the parent company. The plant at present has six production lines and productive capacity is approximately 150 trailers per month depending on type and model. Using basic designs and specifications supplied by its parent company, as adapted and modified by its own engineering staff to meet requirements of the Canadian trucking industry, the Company produces approximately 50 different types of truck-trailers having various body and chassis specifications and varying load capacities. The more important types produced include van, refrigerator, stake and rack, platform, wet and dry bulk tank carriers, pole, cable dump and heavy-duty flat deck (carry-all) trailers. The Company does not manufacture nor does it propose to manufacture house trailers.

The Company's products are widely used by the Canadian trucking industry and private operators in the transport of perishable food products and a wide range of industrial commodities and raw materials in bulk and packaged form. Many specialized types of trailers have been developed. These include the "volume van" with maximum cubic content for freight haulage, refrigerator vans for perishable commodities and heavy-duty flat deck trailers and various types of dump bodies for trucks and trailers for the movement of construction equipment and materials. In addition, many types of tank trailers have been developed for bulk transportation of wet and dry commodities including gasoline and oils, milk, flour, cement, chemicals, propane and butane, malt and printing inks. The development and widespread use of

these specialized types of trailers have been brought about by increasing demands of producers, manufacturers and distributors for lower distributing costs.

Sales and distribution of the Company's products in Canada are made primarily by direct sales to the consumer who may be either a common carrier, a contract carrier or a private or vocational carrier. Sales and service branches are maintained at Montreal, Toronto (Swansea), Calgary and Edmonton, and products are also sold through distributors located in Saint John and Port Arthur. The property occupied by the Calgary branch is held under a short-term lease and the properties occupied by the Montreal, Toronto and Edmonton branches are held under long-term leases (containing options to purchase) which are guaranteed by the parent company.

An important and profitable part of the Company's business is the service and repair of trailers produced both by the Company and other manufacturers. All sales and service branches are equipped with modern machinery and repair facilities to enable the Company to offer fast and efficient repair service to motor transport operators. As a result of the expanding demand for the Company's products and in order to provide superior service for the increasing number of truck and trailer units on the road, the Company is acquiring larger quarters for its sales and service branches in the Toronto and Montreal areas. These new quarters will be located in premises to be obtained under sale-leaseback arrangements and when such new quarters are ready for occupancy the Company will dispose of present branch quarters in such areas.

In addition to its sales and service branches, the Company maintains sales offices in such strategic commercial transportation centres as Hamilton, London, Windsor, Winnipeg, Regina and Vancouver.

Approximately 700 persons are employed by the Company, including an engineering staff of 14, a selling, administrative and general office staff of 46 and a staff of 244 at its service branches.

New Plant

To provide the additional plant capacity required to meet present and anticipated future demand in Canada for trailers and truck bodies, the Company acquired in 1955 a 71-acre site in the Applewood Acres subdivision on the western outskirts of Metropolitan Toronto on part of which it proposes to construct a modern manufacturing and assembly plant. The new plant will have approximately 211,000 square feet of floor space and will employ the latest machine tools, material handling equipment, automatic welding units and metal fabricating equipment required for the manufacture of the Company's products. The estimated cost of constructing the plant is $2,000,000 and the estimated cost of providing new equipment is $1,000,000. It is expected that the new plant will be constructed, equipped and ready to commence operations by the fall of 1957.

It is planned to transfer to the new plant, when completed and ready for operation, the manufacturing and assembly of the van, refrigerator, stake and rack, platform and pole types of trailers and truck bodies presently handled by the Weston plant. Operations at the Weston plant will then be devoted to the manufacture and assembly of the tank and dump type of trailers and truck bodies and carry-all trailers. The additional manufacturing and assembly facilities to be provided in the new plant also will enable the Company to manufacture and assemble aluminum and stainless steel type trailers which the Company now imports from the parent company in the United States.

A six acre section of the new plant site is being set aside to accommodate the facilities of the Company's Toronto area sales and service branch.

Trailer Acceptance Company Limited

In July, 1956, the Company formed Trailer Acceptance Company Limited as a wholly-owned subsidiary to take over the instalment sales financing business previously carried on by the Company as an adjunct to its main operations. The acceptance company was incorporated under the laws of Canada as a private company with an authorized capital of 500,000 shares without nominal or par value of which 150,000 shares were issued to the Company for a cash consideration of $1,500,000. Trailer Acceptance Company Limited commenced operations on August 8, 1956 and purchases from the Company instalment paper received in connection with sales of trailers on an instalment purchase basis. As at August 31, 1956, instalment equipment notes receivable outstanding on the books of the acceptance company, less unearned finance charges of $835,615 and after allowance of $20,000 for doubtful notes, amounted to $5,758,953.

Approximately 50% of the Company's trailer sales are made under time payment contracts. Repayment is usually in monthly instalments over a 3-year period in the case of new trailers and over a 2-year period in the case of used trailers, with down payments in each case, whether by cash and/or trade-ins, amounting in the majority of contracts underwritten to 20% of the sales price. Security for payments under such contracts is provided by the covenant of the buyer to make such payments and by retention of title to the products sold.

The acceptance company finances the purchase of instalment paper out of its own resources and by borrowings.

A balance sheet of Trailer Acceptance Company Limited as at August 31, 1956, together with the auditor's report thereon, appears on page 12 of this prospectus, to which reference is hereby expressly made. Net earnings for the period from commencement of operations on August 8, 1956 to August 31, 1956, amounting to $2,193, are accounted for in the said balance sheet.

Purpose of Issues

The net proceeds of the sale of the $3,500,000 principal amount of Series A Debentures and the 100,000 Shares to be offered publicly, together with the proceeds of the sale concurrently of an additional 100,000 Shares to the parent company as referred to above in the section headed "The Company", will be used (a) to defray the capital costs, estimated at approximately $3,000,000, to be incurred in constructing and equipping the Company's proposed new plant, (b) to reduce bank indebtedness which amounted to $1,063,500 at August 31, 1956, and (c) for general corporate purposes.

Capitalization

After giving effect to the issue of Supplementary Letters Patent dated September 17, 1956 and the issuance of the Series A Debentures and the 200,000 Shares referred to above under the section headed "Purpose of Issues" the capitalization of the Company will be as follows:

	Authorized	To be issued and Outstanding
Debentures	(1)	
5¼% Sinking Fund Debentures, Series A, maturing November 1, 1976, carrying stock purchase warrants		$3,500,000
Shares without nominal or par value	2,000,000 Shs. (2)	900,000 Shs.

NOTES: (1) The aggregate principal amount of Debentures which may be issued at any time in one or more series is unlimited but Debentures in addition to the $3,500,000 principal amount of Series A Debentures presently being issued may only be issued subject to the restrictions to be contained in the Trust Indenture under which such Series A Debentures will be issued, to which reference is made in the section hereunder headed "Certain Provisions of the Trust Indenture".

(2) Of which 87,500 Shares will be reserved for issuance upon the exercise of stock purchase warrants to be carried by the Series A Debentures.

Earnings

The following report with respect to the earnings of Fruehauf Trailer Company of Canada Limited for the ten year and eight month period ended August 31, 1956 has been received from the Company's auditors, George A. Touche & Co., Chartered Accountants.

Fruehauf Trailer Company of Canada Limited

Summary of Earnings

(Stated to the nearest one hundred dollars)

Year ended 31st December	Earnings from operations and miscellaneous income not including finance revenue and before depreciation, bond and other interest, and taxes on income (Note e)	Finance revenue (Note c)	Depreciation (Note a)	Bond and other interest	Balance of earnings before taxes on income	Taxes on income (Note b)	Net earnings (Note d)
1946....	$ 87,600	$ 3,600	$37,900	$ 12,300	$ 41,000	$ 16,000	$ 25,000
1947....	149,600	10,300	44,000	16,500	99,400	36,200	63,200
1948....	175,400	21,000	46,900	23,200	126,300	41,500	84,800
1949....	226,900	45,000	41,000	37,600	193,300	73,800	119,500
1950....	741,500	81,400	21,700	67,100	734,100	307,800	426,300
1951....	229,500	176,000	50,900	125,600	229,000	119,700	109,300
1952....	308,700	177,900	50,200	127,500	308,900	156,900	152,000
1953....	683,400	192,200	62,600	143,500	669,500	328,800	340,700
1954....	322,400	219,700	54,000	141,000	347,100	156,900	190,200
1955....	966,600	236,200	65,400	165,000	972,400	452,200	520,200
Eight months ended 31st August 1956 (Notes c and d)	691,400	224,200	26,400	181,800	707,400	331,600	375,800

NOTES: (a) DEPRECIATION — As of 1st January 1956 the company adopted the policy of providing for depreciation at rates based on the estimated remaining useful life of the assets. For each of the ten prior fiscal years depreciation was calculated at rates in accordance with the then applicable provisions of the Income Tax Act. The provisions for depreciation reflect principally depreciation on machinery and equipment since the manufacturing plant and service branch properties are leased (see explanatory note (3) to financial statements).

(b) TAXES ON INCOME — Federal income taxes have been assessed to 1954. There are no known disallowances which would affect the provisions for subsequent periods.

(c) FINANCE REVENUE — Finance revenue included in the earnings for the eight months ended 31st August 1956 represents finance revenue earned up to the commencement of operations of Trailer Acceptance Company Limited on 8th August 1956.

(d) EARNINGS OF WHOLLY-OWNED SUBSIDIARY COMPANY — The net earnings of Trailer Acceptance Company Limited for the period from commencement of operations on 8th August 1956 to 31st August 1956 amounting to $2,193 are reflected in the above summary of earnings.

(e) NON-RECURRING PROFITS AND LOSSES — The above summary of earnings excludes a profit of $207,800 on sale and leaseback of land and buildings in 1951, and a loss of $17,800 on disposal of equipment in 1954.

THIS IS THE SUMMARY OF EARNINGS REFERRED TO IN OUR REPORT DATED OCTOBER 11, 1956.

(Signed) GEORGE A. TOUCHE & CO.,
Chartered Accountants.

Assets

According to the subjoined pro forma balance sheet of Fruehauf Trailer Company of Canada Limited as at August 31, 1956 (which gives effect to the transactions and proposed financing set out in note (6) thereto) as reported upon by the Company's auditors, George A. Touche & Co., Chartered Accountants, net tangible assets were as follows:

Current assets	$ 6,886,097	
Less: current liabilities	2,312,712	
Net current assets		$4,573,385
Property, plant and equipment, at cost	$ 1,366,364	
Less: Accumulated depreciation and amortization	355,561	
Net fixed assets		1,010,803
Investment in shares of wholly-owned subsidiary, Trailer Acceptance Company Limited, at equity in net assets		1,502,193
Portion of proceeds from 5¼% Sinking Fund Debentures, Series A, proposed to be used for expansion of manufacturing facilities		3,000,000
Other assets at cost		320,317
Net tangible assets		$10,406,698

On the basis of the foregoing, such net tangible assets are equivalent to approximately $2,973 for each $1,000 principal amount of Series A Debentures to be outstanding upon completion of the present financing. After deducting the $3,500,000 principal amount of Series A Debentures from the said net tangible assets, the balance thereof is equivalent to approximately $7.67 for each of the 900,000 Shares to be outstanding.

Sinking Fund

Under the Trust Indenture providing for the issuance of the Series A Debentures, the Company will covenant to establish a sinking fund to provide for the retirement of $150,000 principal amount of Series A Debentures on or before November 1 in each of the years 1958 to 1975 inclusive. Such sinking fund will provide for the retirement prior to maturity of over 75% of the total principal amount of Series A Debentures to be outstanding.

The Company is to be entitled to purchase Series A Debentures in the market or by private contract at prices not exceeding the redemption price in effect at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase. All Series A Debentures purchased or redeemed other than out of sinking fund moneys shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which, at the election of the Company, may be applied (to the extent not theretofore applied) to reduce in whole or in part the amount of its sinking fund obligations payable thereafter. The Company is to have the right to elect on or before September 15 in each of the years 1958 to 1975 inclusive to apply a specified principal amount of purchased or redeemed Series A Debentures in satisfaction in whole or in part of the sinking fund payment required to be made on or prior to November 1 of such year and the Company will be required to pay into such sinking fund on or prior to November 1 of such year the sum in cash required to retire on or before November 1 of such year a principal amount of Series A Debentures equal to $150,000 less the aggregate principal amount of purchased or redeemed Series A Debentures which the Company has elected to apply as aforesaid for such year. Such cash paid to the Trustee is to be applied in the retirement of Series A Debentures by call for redemption on or before November 1 of such year at the applicable sinking fund redemption price together with accrued interest to the date specified for redemption; provided that such call need not be made if the moneys in the sinking fund and required to be paid into the sinking fund amount to less than $10,000 and in such case such moneys may be used by the Trustee in purchasing for cancellation Series A Debentures at a price not exceeding the redemption price in effect at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys plus accrued interest and costs of purchase.

Stock Purchase Warrants

Series A Debentures, when originally issued in definitive form, will carry in respect of each $1,000 principal amount thereof a stock purchase warrant entitling the bearer thereof to purchase 25 Shares without nominal or par value in the capital stock of the Company, as presently constituted, at any time after the issuance of such warrant and up to 4 o'clock p.m. Toronto time on November 1, 1966, at the following prices:

$10.00 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1961; thereafter

$12.50 per Share, as presently constituted, if exercised before 4 o'clock p.m. Toronto time on November 1, 1966.

The stock purchase warrants will be void after 4 o'clock p.m. Toronto time on November 1, 1966.

The stock purchase warrants will be issued under and pursuant to an indenture between the Company and National Trust Company, Limited, as Trustee, and such indenture, among other things, will contain provisions for adjustment in the number of shares issuable pursuant to the privileges attaching to such warrants in certain events, including any consolidation, subdivision or reclassification of, or any stock dividend being paid on, the Shares of the Company. In addition, the Company will covenant in the said indenture to give at least 30 days' public notice to holders of unexercised stock purchase warrants of the record date of any dividend payments or other distributions on its shares and before issuing to its shareholders pro rata rights to subscribe for additional shares, making any repayment of capital on its shares, consolidating or merging with any other company or selling or leasing (otherwise than by "sale-leasebacks") a substantial part of its undertaking.

Certain Provisions of the Trust Indenture

The $3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A, now proposed to be issued are to be direct obligations of the Company and are to be issued under and secured by a trust indenture and a trust deed of hypothec, mortgage and charge (herein collectively referred to as the "Trust Indenture") to be dated as of October 15, 1956 and to be entered into between the Company and National Trust Company, Limited, as Trustee. The Series A Debentures are, in the opinion of Counsel, to be secured (subject to usual exceptions) by a first floating charge upon the undertaking and all property and assets of the Company (other than real property outside of Canada) owned on November 1, 1956 and will be expressed to be secured by a first floating charge on all property and assets of the Company acquired after that date; provided, however, that such first floating charge shall not prevent the Company from giving prior security to its bankers for money borrowed in the ordinary course of business, from arranging "sale-leasebacks" in respect of any property other than the Company's proposed new manufacturing and assembly plant in Applewood Acres, from giving purchase money mortgages up to 66⅔% of the purchase price of after-acquired assets, or from creating or suffering to exist permitted encumbrances or minor title defects.

The Trust Indenture is to contain provisions permitting the issuance (subject as hereinafter provided) from time to time of additional Debentures (herein called "Additional Debentures") thereunder without limitation as to aggregate principal amount, which Additional Debentures will rank equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues and the principal of and premium, if any, and interest on such Additional Debentures may be payable in such currency or currencies as may be determined by the Company at the time of issue thereof.

The Trust Indenture will contain definitions among others of the following terms, "subsidiary company", "purchase money mortgages", "permitted encumbrances", "minor title defects", "sale-leasebacks", "after-acquired assets", "fixed assets", "current obligations", "funded obligations", "consolidated funded obligations", "consolidated net earnings", "consolidated net current assets" and "consolidated net tangible assets." Unless the context otherwise requires, in the covenants hereinafter contained (i) the term "subsidiary company" shall not include Trailer Acceptance Company Limited or its successors (hereinafter referred to as the "acceptance company"); "fixed assets" shall mean real and immovable property including lands and interests in lands, buildings, erections, fixtures, fixed plant, fixed machinery and fixed equipment; "purchase money mortgages" shall include mortgages and encumbrances given or assumed to secure a portion of the purchase price of after-acquired assets and also mortgages and encumbrances given to reimburse the Company for a portion of the acquisition costs of after-acquired assets if given within one year of such acquisition whether any such mortgage or encumbrance is given to the vendor of such assets or to some other person; "funded obligations" shall not include leases; (ii) the term "consolidated net earnings" shall include the consolidated net earnings (before interest on funded obligations and income taxes) of the Company and all its subsidiary companies, except the acceptance company, plus the Company's share of net earnings of the acceptance company after all interest and other charges and income taxes; "consolidated funded obligations" shall include the funded obligations of the Company and all its subsidiary companies, other than the acceptance company, after reducing the total funded obligations of each subsidiary company not wholly owned to an amount which bears the same proportion to the total funded obligations of such subsidiary company as the number of outstanding voting shares of such subsidiary company which are owned by the Company and any other subsidiary company bears to the total number of outstanding voting shares of such subsidiary company; and "consolidated net tangible assets" shall include the consolidated net tangible assets of the Company (including therein the Company's investment in the shares of the acceptance company at equity in net assets) and all its subsidiary companies other than the acceptance company; the foregoing definitions in this clause (ii) to be applied in accordance with generally accepted accounting practice.

The Trust Indenture is also to contain, among other things, covenants to the effect that so long as any of the Series A Debentures remain outstanding:

A. The Company will not nor will it permit any subsidiary company to mortgage, hypothecate, charge or pledge any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations (except Additional Debentures) unless subject to the first floating charge of the Trust Indenture or unless such of the Series A Debentures as shall then be outstanding are secured at such time by such mortgage, hypothecation, charge or pledge so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided however, that this covenant shall not apply in respect of current obligations secured on other than fixed assets and incurred in the ordinary course of business.

B. The Company will not issue or become liable on any funded obligations in addition to the Series A Debentures, unless

   (a) consolidated net tangible assets (as referred to above) plus the proceeds of the funded obligations then proposed to be issued shall be at least equal to 200% of the aggregate principal amount of the consolidated funded obligations (as referred to above) to be outstanding after such additional issue or after the Company so becoming liable as the case may be; and

   (b) consolidated net earnings (as referred to above) for any 12 consecutive calendar months in the 18 month period immediately preceding the proposed date of issue of such funded obligations or the date on which the Company so becomes liable, as the case may be, shall have been not less than three times the amount required to meet the annual interest on the consolidated funded obligations (as referred to above) to be outstanding after such additional issue or after the Company so becoming liable, as the case may be.

   Provided that for all purposes of the Trust Indenture any funded obligations outstanding at the time of any such issue or of the Company so becoming liable, as the case may be, which are to be retired within one month following such time shall be deemed not to be outstanding immediately after such issue or immediately after the Company so becoming liable, as the case may be, if all moneys required to retire such funded obligations are paid to the trustee for the holders of such obligations or provided to its satisfaction at such time.

C. The Company will not permit any subsidiary company

   (a) to issue any shares ranking prior to or pari passu with any shares in any such subsidiary company held directly or indirectly by the Company (except to the Company or to a wholly-

owned subsidiary company) whenever the ratio of consolidated net tangible assets (as referred to above) to the aggregate principal amount of outstanding consolidated funded obligations (as referred to above) is lower than the ratio of three to one; or

(b) to issue or be or become liable on any funded obligations (except to the Company or to a wholly-owned subsidiary company) if the ratio of consolidated net tangible assets (as referred to above) plus the proceeds of such funded obligations (such proceeds in the case of a subsidiary company which is not wholly owned to be reduced to an amount which bears the same proportion to the total amount of such proceeds as the number of outstanding voting shares of such subsidiary company which are owned by the Company and any other subsidiary company bears to the total number of the outstanding voting shares of such subsidiary company) to the aggregate principal amount of consolidated funded obligations (as referred to above) to be outstanding thereafter, is lower than the ratio of three to one.

D. The Company will not, nor will it permit any subsidiary company to, (a) sell or otherwise dispose of any shares in a subsidiary company, except to any wholly-owned subsidiary company or to the Company, as the case may be, whenever the ratio of consolidated net tangible assets (as referred to above) to the aggregate principal amount of the outstanding consolidated funded obligations (as referred to above) is lower than the ratio of three to one; or (b) sell or otherwise dispose of any funded obligations owing from any subsidiary company, except to any wholly-owned subsidiary company or to the Company, as the case may be, if the ratio of consolidated net tangible assets (as referred to above) plus the proceeds of such funded obligations (such proceeds in the case of a subsidiary company which is not wholly owned to be reduced to an amount which bears the same proportion to the total amount of such proceeds as the number of outstanding voting shares of such subsidiary company which are owned by the company and any other subsidiary company bears to the total number of the outstanding voting shares of such subsidiary company) to the aggregate principal amount of consolidated funded obligations (as referred to above) to be outstanding thereafter is lower than the ratio of three to one; provided, however, that all shares of capital stock of all classes together with all funded obligations of any subsidiary company owned by the Company or any of its subsidiary companies may be sold as an entirety for their fair value in cash if the subsidiary company whose shares of capital stock and funded obligations are so being sold does not own any shares of capital stock or any funded obligations of any other subsidiary company all shares of capital stock and funded obligations of which are not being simultaneously disposed of by the Company and its subsidiary companies.

E. The Company will not issue, nor will it permit any subsidiary company to issue, any funded obligations in respect of which it is obliged to set aside or provide funds for retirement in any year prior to November 1, 1976 (by maturities, serial or otherwise and/or by sinking fund) amounting in the aggregate to more than 3/70ths of the aggregate principal amount of such funded obligations proposed to be issued unless the sinking fund payment for that year for the Series A Debentures is increased so as to aggregate at least the same proportion of the total principal amount of the Series A Debentures certified and delivered as the aggregate of the funds to be set aside or provided for such purposes in respect of such funded obligations in such year bears to the total principal amount of such funded obligations to be certified and delivered.

F. The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on, or apply any of its property or assets to the purchase, redemption or other retirement of or set apart any sum for the payment of any dividends on or for the redemption or other retirement of or make any other distribution by reduction of capital or otherwise in respect of any shares of any class of capital stock of the Company unless immediately after giving effect to such action, the consolidated net current assets of the Company and its subsidiary companies other than the acceptance company will be not less than $2,250,000.

G. The Company shall deposit with the Trustee not later than 12 months after the end of any fiscal year of the Company an amount equal to the aggregate proceeds received by the Company and its subsidiary companies in excess of $500,000 during such fiscal year of the Company from any sale of other disposition of fixed assets or shares held in any subsidiary company or shares held in Trailer Acceptance Company Limited such deposit to be used in purchasing Series A Debentures for cancellation or in retiring Series A Debentures by call for redemption at the redemption price for other than sinking fund purposes, all as to be provided in the Trust Indenture; provided, however, that for the purposes of determining the obligations of the Company under this paragraph G there shall be deducted from such excess the aggregate cost of additional property, plant, equipment and inventory of the Company and of shares in any other company carrying on a business capable of being conducted so as to benefit the Company or any of its subsidiary companies, acquired or contracted for by the Company or any subsidiary company between the commencement of such fiscal year and the date of such required deposit, if such costs have been not taken into account in determining the obligations of the Company in respect of any previous fiscal year; and provided further, that the obligation of the Company under this paragraph G shall be in addition to the Company's sinking fund obligations. The proceeds of sale of any property of the Company owned in the United States of America at the date of the Trust Indenture, and the proceeds received by the Company from any sale-leaseback of any property other than the Company's proposed new manufacturing and assembly plant in Applewood Acres shall not be taken into account in determining the extent of the Company's obligations under this paragraph G.

Provided that, subject only to the covenants contained in paragraphs A and E above, in cases where all the Series A Debentures are not being retired as part of the refunding operations, the Company or any subsidiary company may issue funded obligations to refund any secured or unsecured obligations permitted to be issued in accordance with the foregoing or any funded obligations now outstanding, in each case, to the extent of the principal amount of the funded obligations being refunded which is outstanding at the time of such refunding.

Provided further that nothing hereinbefore contained shall prevent the Company or any subsidiary company from giving purchase money mortgages up to 66⅔% of the purchase price of after-acquired assets, or from creating or suffering to exist permitted encumbrances or minor title defects.

Parent Company

Fruehauf Trailer Company, whose principal office is located in Detroit, Michigan, U.S.A., together with domestic subsidiary companies, is the largest manufacturer, seller and distributor of truck-trailers, truck bodies and related accessories in the United States. It was incorporated under the laws of the State of Michigan in 1918 as successor to a business established in 1897 by the late August C. Fruehauf.

The parent company's principal manufacturing facilities are widely located in the United States and consist of (a) eight plants which are owned outright and are located on a total of 318.1 acres of land and contain approximately 2,173,000 square feet of floor space and (b) six plants which are located on leased premises and contain a total of approximately 519,000 square feet of floor space. In addition to such plants, Fruehauf Trailer Company operates 78 sales and services branches in 73 cities located throughout the United States. Approximately 13,550 persons are employed in the plants, branches and executive offices of the parent company and its domestic subsidiaries.

The published consolidated balance sheet of Fruehauf Trailer Company and its consolidated subsidiaries as at December 31, 1955 shows that the gross book value, at cost, of fixed assets was $34,206,281, resulting, after accumulated depreciation and amortization of $11,906,709, in a net book value of $22,299,572, that the book value of investments in subsidiaries not consolidated and other assets amounted to $32,078,813, that net current assets were $52,091,782, and that the shareholders' investment, or net book worth, was $80,701,810.

For the year ended December 31, 1955, consolidated net earnings of Fruehauf Trailer Company and its consolidated subsidiaries were $8,658,045.

Conclusion

Since 1945, the Canadian motor transport industry has developed into one of the prime movers of the nation's freight. From the end of the war to 1953, the latest year for which official figures are available, motor freight carriers, representing an important segment of the motor transport industry, reported approximately a fourfold increase in annual freight revenues, a 75% increase in the number of employees and a 100% increase in the number of truck and trailer units employed. These statistics do not take into account the substantial growth experienced during the same period by private delivery fleet operators and licensed carriers engaged in construction work.

Based upon anticipated growth in Canada in population and national output over the next 10 to 15 years, I believe that it is reasonable to assume the rate of growth of the motor transport industry will continue at a high level with a consequent high demand for truck and trailer equipment. As a major supplier of trailers and truck bodies to the industry, it is confidently expected that an important and profitable share of this future business will be obtained by the Company.

Yours very truly,

(Signed) R. J. Telford,
Vice-President.

Fruehauf Trailer Company of Canada Limited

(Incorporated under the Companies Act, Canada)

Balance Sheet as at 31st August 1956

and

Pro Forma Balance Sheet as at 31st August 1956

(after giving effect to the transactions and proposed financing set out in Note (6) hereof)

Assets

		Actual	Pro Forma
CURRENT ASSETS			
Cash		$ 45,380	$ 916,880
Trade accounts receivable	$1,342,982		
Less: Allowance for doubtful accounts	25,000	1,317,982	1,317,982
Trailer Acceptance Company Limited — account receivable		43,550	43,550
Inventories at the lower of cost (first-in, first-out method) or market			
New trailers	1,308,107		
Production parts, work in process and raw materials	2,150,846		
Service parts and orders in process	660,809		
Used trailers, at appraisal values less estimated disposal cost	471,778	4,591,540	4,591,540
Prepaid expenses		16,145	16,145
TOTAL CURRENT ASSETS		6,014,597	6,886,097
INVESTMENT IN SHARES OF WHOLLY-OWNED SUBSIDIARY, TRAILER ACCEPTANCE COMPANY LIMITED, at equity in net assets (Notes 1 and 2)		1,502,193	1,502,193
PORTION OF PROCEEDS FROM 5¼% SINKING FUND DEBENTURES, SERIES A, PROPOSED TO BE USED FOR EXPANSION OF MANUFACTURING FACILITIES		—	3,000,000
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and amortization (Note 3)			
Land	625,185		
Machinery and equipment	559,872		
Automotive equipment	99,901		
Leasehold improvements	81,406		
	1,366,364		
Less: Accumulated depreciation and amortization	355,561	1,010,803	1,010,803
OTHER ASSETS, at cost		320,317	320,317
UNAMORTIZED DEBENTURE DISCOUNT		—	140,000
		$8,847,910	$12,859,410

Liabilities and Capital

		Actual	Pro Forma
CURRENT LIABILITIES			
Notes payable to bank — secured		$1,063,500	$ —
Accounts payable and accrued expenses		1,031,512	1,031,512
Sales and other taxes		79,410	79,410
Estimated federal and provincial income taxes		253,161	253,161
Fruehauf Trailer Company — account payable		948,629	948,629
TOTAL CURRENT LIABILITIES		3,376,212	2,312,712
5¼% SINKING FUND DEBENTURES, SERIES A, due November 1, 1976 (Note 4)			3,500,000
SHAREHOLDERS' INVESTMENT			
Capital Stock			
Authorized			
500,000 shares without nominal or par value			
Issued and outstanding			
350,000 shares	$3,500,000		
Earnings retained for use in the business	1,971,698	5,471,698	
SHAREHOLDERS' INVESTMENT — PRO FORMA			
Capital Stock			
Authorized (Note 5)			
2,000,000 Shares without nominal or par value			
Issued and outstanding			
900,000 Shares	5,125,000		
Earnings retained for use in the business	1,921,698		7,046,698
		$8,847,910	$12,859,410

Approved on behalf of the Board:

(Signed) F. E. BURNHAM, Director

(Signed) R. J. TELFORD, Director

The explanatory notes to financial statements appear on the following page and are an integral part hereof.

Fruehauf Trailer Company of Canada Limited
Explanatory Notes to Financial Statements
as at 31st August 1956

(1) UNDISTRIBUTED EARNINGS OF SUBSIDIARY — The equity of the Company in the earnings of Trailer Acceptance Company Limited for the period from commencement of operations on 8th August 1956 to 31st August 1956 amounting to $2,193 is reflected in the accompanying balance sheets of the Company.

(2) TRAILER ACCEPTANCE COMPANY LIMITED — On 3rd July 1956, Trailer Acceptance Company Limited was formed to take over and carry on the instalment sales financing section of the Company's business. Trailer Acceptance Company Limited commenced operations on 8th August 1956 and the assets and liabilities relating to such section of the Company's business were transferred from the Company as of that date.

(3) PROPERTY, PLANT AND EQUIPMENT — Since 1949 the Company has entered into long term leases (25 to 35 years) for three operating sales and service branches and one manufacturing plant. The Company has the right to purchase the properties upon the expiration of the period of five years from the commencement dates of the leases. The rental payments (except two of which are fixed) and purchase prices in all cases decline gradually over the terms of the leases. The annual rentals on such properties will amount to approximately $87,500 from 1st September 1956 to 31st August 1957 exclusive of taxes, insurance, maintenance and repairs which are also payable by the Company. If all of the rights to purchase were exercisable at the present time, the aggregate purchase price would amount to approximately $1,140,000.

(4) 5¼% SINKING FUND DEBENTURES, SERIES A — The Trust Indenture will prohibit the payment of dividends on any shares of its capital stock if, after giving effect to such payments, the consolidated net current assets (as to be defined therein) of the Company and its subsidiary companies (to be defined so as to exclude Trailer Acceptance Company Limited) would be less than $2,250,000.

(5) CAPITAL STOCK — 87,500 Shares of the authorized capital of the Company are to be reserved for issuance upon the exercise of stock purchase warrants to be carried by the 5¼% Sinking Fund Debentures, Series A.

(6) PRO FORMA ADJUSTMENTS — The following transactions and proposed financing have been given effect to in the pro forma balance sheet:

(i) The change in capital stock confirmed by Supplementary Letters Patent dated 17th September 1956 as follows:—

The subdivision of the 350,000 issued and 150,000 unissued shares without nominal or par value into 700,000 issued and 300,000 unissued Shares without nominal or par value.

An increase in the authorized share capital by 1,000,000 Shares.

(ii) The conversion of the Company from a private to a public company.

(iii) The issue of 100,000 Shares to Fruehauf Trailer Company for $850,000.

(iv) The authorization of $3,500,000 5¼% Sinking Fund Debentures, Series A, due November 1, 1976 and the issue thereof for $3,360,000 in accordance with an underwriting agreement dated 12th September 1956.

(v) The issue of 100,000 Shares for $775,000 in accordance with the said underwriting agreement dated 12th September 1956.

(vi) The application of the proceeds from the sale of the said 5¼% Sinking Fund Debentures, Series A, and 200,000 Shares to defray estimated capital costs of approximately $3,000,000 to expand manufacturing facilities, to reduce bank indebtedness which amounted to $1,063,500 as at 31st August 1956 and the balance for general corporate purposes after the payment of expenses in connection with the issues estimated at $50,000—charged to earnings retained for use in the business.

Auditors' Report

To the Directors,
FRUEHAUF TRAILER COMPANY OF CANADA LIMITED.

We have examined the balance sheet of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 and the related summary of earnings for the ten years and eight months then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet supplemented by notes (1) to (3) appended thereto is properly drawn up and presents fairly the financial position of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 and the related summary of earnings supplemented by notes (a) to (e) appended thereto presents fairly the results of the operations of Fruehauf Trailer Company of Canada Limited for the ten years and eight months ended 31st August 1956.

In our opinion the accompanying pro forma balance sheet supplemented by notes (1) to (5) appended thereto is properly drawn up and presents fairly the financial position of Fruehauf Trailer Company of Canada Limited as at 31st August 1956 after giving effect as at that date to the transactions and proposed financing referred to in note (6).

Dated at Toronto, Ontario.
11th October 1956.

(Signed) GEORGE A. TOUCHE & Co.,
Chartered Accountants.

Trailer Acceptance Company Limited

(Incorporated as a private company under the Companies Act, Canada)

Balance Sheet as at 31st August 1956

Assets

CASH IN BANK		$ 500,000
INSTALMENT EQUIPMENT NOTES—secured by conditional sale contracts (including instalments of $3,636,055 maturing after 31st August 1957) less unearned finance charges of $835,615	$5,778,953	
Less: Allowance for doubtful notes	20,000	5,758,953
		$6,258,953

Liabilities and Capital

NOTES PAYABLE — secured by hypothecation of conditional sale contracts		$4,708,310
ACCOUNTS PAYABLE		1,500
ESTIMATED INCOME TAXES PAYABLE		3,400
FRUEHAUF TRAILER COMPANY OF CANADA LIMITED — account payable		43,550
SHAREHOLDERS' INVESTMENT		
Capital stock		
Authorized		
500,000 shares without nominal or par value		
Issued and outstanding		
150,000 shares	$1,500,000	
Net earnings for the period from the commencement of operations on 8th August 1956	2,193	1,502,193
CONTINGENT LIABILITY		
Conditional sale contracts discounted . . . . $ 462,900		
		$6,258,953

Approved on behalf of the Board:

(Signed) F. E. BURNHAM, Director

(Signed) R. J. TELFORD, Director

Auditors' Report

To the Directors,
TRAILER ACCEPTANCE COMPANY LIMITED.

We have examined the balance sheet of Trailer Acceptance Company Limited as at 31st August 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of Trailer Acceptance Company Limited as at 31st August 1956.

Dated at Toronto, Ontario.
11th October 1956.

(Signed) GEORGE A. TOUCHE & Co.,
Chartered Accountants.

Statutory Information

(a) The full name of the Company is Fruehauf Trailer Company of Canada Limited (hereinafter referred to as the "Company") and the address of its head office is Main Street North, Weston, Ontario.

(b) The Company was incorporated under the Companies Act of Canada by Letters Patent dated the 9th day of November, 1928. Supplementary Letters Patent dated respectively the 6th day of December, 1941, the 29th day of April, 1954, the 9th day of April, 1956, and the 17th day of September, 1956, have been issued to the Company.

(c) The general nature of the business actually transacted or to be transacted by the Company is the manufacture and sale of commercial truck-trailers and truck bodies.

(d) The names in full, descriptions or present occupations and home addresses in full of the directors and chief executive officers of the Company are as follows:

Directors

FREDERICK EDWIN BURNHAM	Executive	575 Shirley Drive, Birmingham, Michigan, U.S.A.
ROY FRUEHAUF	Executive	5330 Middlebelt Road, Route 1, Birmingham, Michigan, U.S.A.
ROY WILLIAM JACOBS	Executive	404 Barclay Road, Grosse Point Farms 36, Michigan, U.S.A.
ROBERT JAMES TELFORD	Executive	Broadacres Farm, R.R. No. 1, Malton, Ont.

Chief Executive Officers

ROY FRUEHAUF	President	5330 Middlebelt Road, Route 1, Birmingham, Michigan, U.S.A.
FREDERICK EDWIN BURNHAM	Vice-President	575 Shirley Drive, Birmingham, Michigan, U.S.A.
ROBERT JAMES TELFORD	Vice-President	Broadacres Farm, R.R. No. 1, Malton, Ont.
WILLARD JAMES RUSSELL	Vice-President	115 Valecrest Drive, Toronto, Ont.
ROY WILLIAM JACOBS	Vice-President and Secretary	404 Barclay Road, Grosse Point Farms 36, Michigan, U.S.A.
EDGAR LORNE GOODFELLOW	Vice-President and Treasurer	R.R. No. 3, Sutton, Ont.
VINCENT EDWARD STANGER	Assistant Treasurer and Assistant Secretary	415 Lakeshore Road, Mimico, Ont.
NORMAN ALPHONSUS RYAN	Assistant Secretary	10724 Wayburn Avenue, Detroit 24, Michigan, U.S.A.

(e) The auditors of the Company are George A. Touche & Co., 67 Yonge Street, Toronto, Ontario.

(f) National Trust Company, Limited, at its principal offices in the cities of Toronto and Montreal, is the Transfer Agent and the Registrar for the Series A Debentures and for the Shares in the capital stock of the Company.

(g) The Company was incorporated with an authorized share capital consisting of 5,000 shares of the par value of $10 each. The authorized share capital of the Company was altered by Supplementary Letters Patent dated the 6th day of December, 1941, the 29th day of April, 1954, the 9th day of April, 1956 and the 17th day of September, 1956, so that at the present time the authorized share capital of the Company consists of 2,000,000 Shares without nominal or par value all of one class (herein called the "Shares") of which 700,000 Shares have been allotted and issued and are outstanding as fully paid and non-assessable.

(h) As appears from paragraph (g) hereof there is at the present time only one class of shares of the Company.

(i) Except the Series A Debentures herein referred to there are no bonds or debentures outstanding or proposed to be issued and there are no other securities issued or proposed to be issued which, if issued, will rank ahead of or pari passu with the Series A Debentures or Shares herein referred to but the said Series A Debentures will rank ahead of the said Shares.

(j) No substantial indebtedness is proposed to be created or assumed by the Company which is not shown in the balance sheet or in the pro forma balance sheet, each as at August 31, 1956, forming part of this prospectus, save and except borrowings in the ordinary course of business. Reference is also made to paragraph (**zh**) hereof.

(k) No securities of the Company are covered by outstanding options given by the Company or options proposed to be given by the Company, except that the Series A Debentures when originally issued in definitive form will carry in respect of each $1,000 principal amount thereof a stock purchase warrant which entitles the bearer thereof to purchase 25 Shares of the Company during the periods and at the prices specified under the heading "Stock Purchase Warrants" on page 6 of this prospectus. In addition Fruehauf Trailer

Company has agreed to purchase 100,000 Shares in the capital stock of the Company as more fully referred to under the heading "The Company" on page 3 of this prospectus. Reference is also made to paragraph (p) hereof.

(l) The $3,500,000 principal amount of 5¼% Sinking Fund Debentures, Series A (herein called "Series A Debentures") are to be direct obligations of the Company and are to be issued under a trust indenture and a trust deed of hypothec, mortgage and charge (herein collectively referred to as the "Trust Indenture") to be made as of October 15, 1956 between the Company and National Trust Company, Limited, as Trustee, and are to be secured by a first floating charge as set forth on pages 7 and 8 of this prospectus under the heading "Certain Provisions of the Trust Indenture," to which reference is hereby expressly made. The Series A Debentures are to be dated November 1, 1956, will mature November 1, 1976, will bear interest at the rate of 5¼% per annum payable half-yearly on May 1 and November 1 in each year and are to be issued as coupon Debentures in denominations of $1,000 and $10,000 registerable as to principal only; principal and half-yearly interest and redemption premium, if any, are to be payable in lawful money of Canada at the holder's option at any branch in Canada (Yukon Territory excepted) of the Company's bankers. The Series A Debentures will be redeemable otherwise than out of sinking fund moneys at the option of the Company, in whole at any time or in part from time to time on not less than 30 days' notice, at the principal amount thereof plus a premium of 5% of such principal amount if redeemed on or before November 1, 1957 such premium thereafter decreasing by ¼ of 1% for each year commenced or elapsed from November 1, 1957 to the date specified for redemption up to and including November 1, 1975, and thereafter and prior to maturity at the principal amount thereof, together in each case with accrued interest to the date specified for redemption. The Series A Debentures are to be redeemable out of sinking fund moneys at the principal amount thereof plus a premium equal to one-half the premium applicable from time to time on redemption of Debentures at the option of the Company, together in each case with accrued interest to the date specified for redemption.

Other particulars of the Series A Debentures are set forth elsewhere in this prospectus as follows:

(1) particulars of certain covenants of the Company are set forth on pages 7 and 8 under the heading "Certain Provisions of the Trust Indenture";

(2) particulars of the sinking fund for the Debentures are set forth under the heading "Sinking Fund" appearing on page 6;

(3) particulars of the stock purchase warrants carried by the Debentures are set forth under the heading "Stock Purchase Warrants" appearing on page 6;

For the above-mentioned particulars reference is hereby expressly made to the specified pages.

The Series A Debentures will be offered for sale to the public at the price of $100 per $100 principal amount plus accrued interest.

The 100,000 Shares in the capital stock of the Company will be offered to the public at the price of $8.50 per Share.

No securities of the Company have been offered for sale to the public within the two years preceding the date hereof. Reference is also made to paragraph (p) hereof.

(m) The estimated net proceeds to be derived by the Company from the sale of the Series A Debentures, on the basis of the same being fully taken up and paid for, are $3,360,000, less legal and auditing fees and other expenses in connection with the issue of the said Debentures. The estimated net proceeds to be derived by the Company from the sale of the said 100,000 Shares, on the basis of the same being fully taken up and paid for, are $775,000, less legal and auditing fees and other expenses in connection with the issue of such Shares.

(n) The aggregate proceeds from the issue of the Series A Debentures and the 100,000 Shares now offered to the public, together with the proceeds of the sale of an additional 100,000 Shares in the capital stock of the Company to Fruehauf Trailer Company, as referred to under the heading "The Company" on page 3 of this prospectus, will be used to the extent of approximately $3,000,000 in the construction of a plant on the Applewood Acres property and in the purchase of equipment therefor, to reduce bank indebtedness which amounted to $1,063,500 at August 31, 1956 and, as to the balance, for general corporate purposes.

(o) In the opinion of the directors of the Company, no minimum amount must be raised by the issue of the Shares now offered to provide the sums required to pay the purchase price of any property purchased or to be purchased, any preliminary expenses or any commission payable by the Company, the repayment of any moneys borrowed by the Company in respect of the foregoing matters or the repayment of bank loans, but reference is made to paragraph (n).

(p) The Company has entered into an underwriting agreement dated September 12, 1956 with McLeod Young, Weir & Company Limited in respect of the Series A Debentures and the 100,000 Shares now offered to the public. Under the said underwriting agreement the price payable to the Company for the Series A Debentures is $96 per $100 principal amount thereof, plus accrued interest, if any, and the price payable to the Company for the 100,000 Shares is $7.75 per Share.

(q) The by-laws of the Company provide as follows with respect to the remuneration of the directors: "Subject to any agreement to the contrary, the remuneration to be paid to the directors shall be such remuneration as the board shall from time to time determine. No director of any subsidiary of the Company shall be entitled to any remuneration as such if, for the time being, he is in receipt of a salary or other remuneration from the Company or any subsidiary of the Company. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in going to, attending and returning from board, committee and shareholders' meetings and any other expenses properly incurred by them in connection with the affairs of the Company or to receive a fixed allowance in respect thereof as may be determined by the board from time to time. The directors may by resolution award special remuneration to any director or officer of the Company undertaking any special work or service for, or undertaking any special mission on behalf of, the Company other than routine work ordinarily required of such director or officer of the Company. Any remuneration payable to a director who is also an officer or employee of the Company, or who is counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his salary as such officer or to his professional fees as the case may be".

(r) The aggregate remuneration paid by the Company to directors, as such, during its last financial year ended December 31, 1955 was nil and the estimated aggregate of such remuneration payable during the current financial year is nil. The aggregate remuneration paid by the Company to officers of the Company who individually received or were entitled to receive remuneration in excess of $10,000 per annum during its last financial year ended December 31, 1955 was $32,583.30 and the estimated aggregate of such remuneration payable during the current financial year is $83,000.

(s) No amount has been paid by the Company within the two years preceding the date hereof or is payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company, but reference is made to paragraph **(p)** hereof.

(t) The Company has been carrying on business since 1928.

(u) The Company proposes to defray the capital cost to be incurred in constructing and equipping the plant referred to under the heading "New Plant" on page 4 hereof out of the proceeds of the issue of the Series A Debentures now offered.

(v) No contracts have been entered into constituting any person, firm or corporation a vendor of any property to be used in the constructing and equipping of the plant referred to in paragraph **(u)** above and accordingly the names and addresses of vendors of any such property are not yet known.

(w) Within the two years preceding the date hereof no securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

(x) The Series A Debentures are to be secured by a first floating charge as set forth on pages 7 and 8 of this prospectus under the heading "Certain Provisions of the Trust Indenture", to which reference is hereby expressly made.

(y) Exclusive of the legal and auditing services rendered and to be rendered in connection with the issue of the Series A Debentures and the Shares now offered and exclusive of the services to be rendered in connection with the constructing and equipping of the plant hereinbefore referred to and exclusive of services rendered or to be rendered in the ordinary course of business, no services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of the Series A Debentures or the Shares or have been within the last two preceding years or are to be paid for by securities of the Company.

(z) No amount has been paid by the Company within the two years preceding the date hereof or is intended to be paid to any promoter.

(za) The Company has not entered into any material contracts within the two years preceding the date hereof other than contracts entered into in the ordinary course of the business carried on by the Company, except the following:

(1) On August 25, 1955, the Company entered into an agreement with Canada Safeway Limited for the purchase of 71 acres of land in the Applewood Acres subdivision on the western outskirts of Metropolitan Toronto.

(2) On July 17, 1956, the Company entered into an agreement with Waldex Incorporated for the purchase of the North-East part of Lot 188, Parish of St. Laurent, Quebec and entered into a contract of even date with Dr. Francis Foldes for the purchase of the South-West part of the said Lot 188. The total area of the two parcels of property purchased is approximately 1,818,000 square feet.

(3) On August 17, 1955, the Company entered into contracts whereunder it obtained assignments of three contracts previously entered into by Fruehauf Trailer Company with the following parties:

(a) Temple Academy Foundation Inc., which company agreed to sell 42.7 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

(b) Thomas B. Moore who agreed to sell 42.8 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

(c) Harold Spencer and Flossie R. Spencer who agreed to sell 21.96 acres of land in the township of Troy, County of Oakland, Michigan, U.S.A.

The properties covered by the contracts referred to in subparagraphs (a), (b) and (c) above are contiguous.

(4) On September 12, 1956, the Company entered into an agreement with McLeod, Young, Weir & Company Limited, particulars of which are set forth in paragraph **(p)** hereof.

(5) Fruehauf Trailer Company has entered into an agreement with the Company dated September 10, 1956 which provides for the purchase of 100,000 Shares of the Company at $8.50 per Share and which also provides that, so long as any of the Series A Debentures are outstanding, Fruehauf Trailer Company will not cause the name "Fruehauf" to be removed from the corporate name of the Company and that Fruehauf Trailer Company will continue to supply to the Company, at reasonable charges, management, technical and other services and, on a best-efforts basis, parts and other products.

Copies of the said contracts may be inspected during usual business hours at the head office of the Company during the period of primary distribution to the public of the securities offered hereby.

(zb) No property is presently proposed to be acquired by the Company in which any director has any interest.

(zc) The Company formed Trailer Acceptance Company Limited as a wholly-owned subsidiary and the said company has been carrying on business since August 8, 1956.

(zd) Fruehauf Trailer Company, 10940 Harper Avenue, Detroit 32, Michigan, U.S.A., beneficially owns at the date hereof all of the 700,000 Shares in the capital stock of the Company which have been

issued and are outstanding. Fruehauf Trailer Company has agreed to purchase a further 100,000 Shares in the capital stock of the Company as referred to under the heading "The Company" on page 3 of this prospectus. Assuming that the 100,000 Shares now offered to the public are fully taken up, the said Fruehauf Trailer Company will own 800,000 out of the 900,000 Shares of the Company to be issued and outstanding. Accordingly, Fruehauf Trailer Company is entitled to elect or cause to be elected a majority of the directors of the Company.

(ze) No securities of the Company of the same class as the securities now offered are held in escrow.

(zf) No dividends have been paid by the Company during the five years preceding the date hereof other than the following:

Fiscal Period Ended December 31, 1954 — $343,444

Fiscal Period Ended December 31, 1955 — $525,000

(zg) No amount of the consideration received for the issue of shares without nominal or par value of the Company has been set aside as a distributable surplus.

(zh) At present, negotiations are being conducted with respect to the construction of an addition to the Company's Weston offices and a new branch in each of the cities of Toronto and Montreal for a total cost of approximately $1,100,000. These premises will be sold and leased back by the Company under twenty-five year leases. The rentals will provide for the repayment of the capital cost of the said premises with interest at 5¾%. The Company will have the option to purchase these premises between the fifth and twenty-fifth years of the terms of the respective leases, and will also be able to extend the terms of the leases. The Company may also enter into similar sale-leasebacks in connection with other premises, but no definite plans have been made as yet.

(zi) No founders' or management or deferred shares have been issued by the Company.

(zj) Under the laws and regulations relating to the Company, no minimum subscription is fixed upon which the directors may proceed to allotment of shares of the Company, and the amounts payable on application and allotment of shares of the Company are such as the directors may from time to time by resolution determine. Reference is also made to paragraphs **(p)** and **(za)** (5) hereof.

(zk) No contracts have been entered into constituting any person a vendor of any property, the purchase or acquisition of which has not been completed at the date hereof, other than contracts in the ordinary course of business.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by the Quebec Securities Act and by Section 39 of The Securities Act, 1954 (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated at Toronto, Ontario, October 15, 1956.

Directors

(Signed) Roy Fruehauf
by his agent
Roy W. Jacobs

(Signed) F. E. Burnham

(Signed) Roy W. Jacobs

(Signed) R. J. Telford

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 13 of the Security Frauds Prevention Act (New Bunswick), by the Quebec Securities Act and by Section 39 of The Securities Act, 1954 (Saskatchewan), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

Underwriter

McLeod, Young, Weir & Company Limited

by (Signed) J. H. Ratcliffe

The following are the names of all persons having an interest directly or indirectly to the extent of not less than 5% in the capital of McLeod, Young, Weir & Company Limited: D. I. McLeod, J. G. Weir, J. H. Ratcliffe, W. H. R. Jarvis, H. S. Backus, R. A. Jarvis, F. O. Evans, J. S. Dinnick and J. E. Langdon.

14. DIRECTORS

Subsequent to the date of the attached prospectus, Ernest Lunt Rushmer, 614 Rivard Boulevard, Grosse Pointe 30, Michigan, U.S.A., was appointed a director of the Company.

CERTIFICATE

Pursuant to a resolution duly passed by the board of directors the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

Corporate Seal

"R. J. TELFORD", Vice-President

"E. L. GOODFELLOW", Vice-President and Treasurer

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
Distribution of Capital Stock as of November 30th, 1956

Number			Shares
394	holders of	1 - 100 share lots	23,428
37	" "	101 - 200 " "	6,765
12	" "	201 - 300 " "	2,975
4	" "	301 - 400 " "	1,550
13	" "	401 - 500 " "	6,400
10	" "	501 - 1000 " "	8,810
8	" "	1001 - up " "	850,072
478	Stockholders	Total shares	900,000